

CITY OF BURLINGTON, VERMONT

Office of the Mayor



Fiscal Year 2007 Municipal and Capital Final Budget

July 1, 2006 through June 30, 2007

Submitted by

Mayor Bob Kiss

June 9, 2006

Chapter
1

Financial Summary

Executive Summary

The Mayor's Recommended Budget for Fiscal Year 2007 is framed by the policies, priorities and recommendations created by three congruent processes:

1. The preliminary budget requests and projections developed in November, 2005 indicated that the City budget had a gap of \$1.3 million of projected expenses over revenues. Consequently, the Administration proposed the adoption of a Local Option Sales Tax to provide an estimated \$800,000 in Fiscal Year 2007 to reduce the projected gap of \$1.3 million to \$500,000. In addition, City Departments prepared budget requests based on a projected gap between revenues and expenses of \$500,000.
2. In response to the projected shortfall for FY 2007 and similar projections for further financial difficulties in future years, the City Council created a Super-Committee on the Long Term Fiscal Security of Burlington. In March, 2006, the City Council adopted the recommendations of this Committee.
3. In early April, 2006, Mayor Kiss appointed a Task Force to assist in the review and development of a budget for Fiscal Year 2007 with a goal to achieve, to the extent possible, the recommendations and policies adopted by the City Council while maintaining essential City services and programs.

The foundation of this proposed budget reflects the requests and recommendations initially prepared in November, 2005 in anticipation of a Local Option Sales Tax and a minimum projected gap of \$500,000 in the General Fund. These original requests and recommendations have been reviewed, updated and revised to more closely achieve the City Council's policies and the preliminary recommendations of the Mayor's Task Force. It is anticipated that there will be further revisions of the budget pending additional review by the Administration, Mayor and Board of Finance.

City Council Policy Goals

The recommendations of the City Council's Super-Committee and the subsequent policies and recommendations adopted by the City Council establish critical goals and targets for City budgets from FY 2007 through FY 2010. The achievement of these goals is essential to ensure the integrity and stability of City finances.

Fiscal Year 2007 Budget

It is important to recognize that the Fiscal Year 2007 budget will not achieve these goals but rather begins the changes necessary to accomplish these goals over the next several years. The following four goals adopted by the City Council are particularly relevant to this Budget:

1. To limit growth of General Fund operating budgets to not more than 3% a year;
2. To reduce the operating costs of personnel benefits as a percentage of wages by 2% a year in order to reduce the current level of benefits at 48% of salaries and wages to a target range of between 35% to 40%;
3. To reduce the costs of salaries, wages and benefits as a percent of the General Fund to a target range of 72% of total operating costs by Fiscal Year 2010; and,
4. To maintain the Fund Balance of the General Fund at a target level of 5% of annual operating expenses.

The achievement of these policies and goals for the Fiscal Year 2008 budget and beyond will require significant restructuring of City services and programs to achieve the level of efficiency and effectiveness embodied in these policies.

Budget Goals & Priorities to Restore Fiscal Health

The Proposed Budget for Fiscal Year 2007 is designed to achieve four primary goals to strengthen the City's finances:

1. To significantly reduce the rate of growth of General Fund operating expenditures consistent with the policies adopted in March by the City Council;
2. To substantially improve the City's financial health and condition;
3. To fully fund the City's financial obligations and commitments for FY 2007; and
4. To maintain current City services and programs.

Pursuant to the achievement of these goals, and reflecting the policies adopted by the City Council, the Proposed Budget provides for the following:

1. The General Fund Operating Budget has increased less than 3.9% over the Fiscal Year 2006 budget and only 4.7% over the actual expenditures for Fiscal Year 2005. This represents a rate of growth substantially below the current rate of inflation.
2. The General Fund Operating Budget for expenditures and revenues is balanced despite the fact the City has absorbed a \$90 million reduction in property values in the Grand List and a resulting loss of revenue of approximately \$560,000 in Fiscal Year 2006 and \$200,000 for Fiscal Year 2007.
3. In order to balance operating expenditures and revenues, the budget limits increases in expenditures to reflect total growth in appropriated revenues for General Fund operating expenses (excluding Retirement, CCTA and County property tax revenue) of only 2.7% inclusive of the \$800,000 budgeted from the Local Option Sales Tax.

4. The budget resolutions provide for the set-aside of \$800,000 additional revenue generated by the July 1, 2006 implementation of the Local Option Sales Tax in order to meet the necessity of restoring the Fund Balance of the City's General Fund and provide a minimum contingency reserve of approximately 2% of the Operating Budget.
5. The budget further calls for full funding of the City's annual contribution obligation for Fiscal Year 2007 to the Burlington Employees Retirement Fund (BERS).

The above goals and the attendant budget recommendations are essential to restore the City's financial condition. This reflects conservative and prudent fiscal management of operating expenditures and revenues and is intended to preserve the City's current Aa3 credit rating. In this regard it is important to note that maintaining the City's credit rating is not simply meeting an arbitrary standard, but rather meeting generally accepted national standards for judging the financial health and the quality of the management of the City's finances.

General Fund Operating Expenditures

The Proposed Budget for the General Fund Operating Expenditures provides for an increase of approximately \$1.26 million or approximately 3.87% over the FY 2006 Budget. Approximately \$825,000 or 65% of this increase represents increases in salaries and wages reflecting current labor contracts and significant reclassifications of personnel in the Police and Fire Departments during FY 2006. The remainder of the increase is driven primarily by inflationary pressures including a 50% increase in the cost of fuel, a 23% increase in electric rates and substantial increases in the costs of materials for the Department of Public Works.

The proposed expenditures for salaries and wages represent an increase of 4.5% for FY 2006. The Budget does not propose any new personnel or positions. Further, the Budget provides for an increase of only 1.3% in personnel benefits exclusive of the Retirement System (BERS).

By limiting the increase in non-retirement related personnel benefits, in conjunction with the increase in salaries and wages, this Budget substantially achieves the Council's goal of reducing the cost of personnel benefits as a percent of salaries and wages. Unfortunately, the projected cost to fully fund the City's obligation for Fiscal Year 2007 for the Retirement System is projected to increase by more than \$1.3 million or 37.3%.

General Fund Operating Revenues

The revenue recommendations for the General Fund include several changes in tax revenue which are discussed further in the section regarding Property Taxes and the Local Option Sales Tax. In summary, the major changes are as follows:

1. A local option sales tax to be implemented on July 1, 2006 and estimated to generate approximately \$1.6 million new revenue for the General Fund;

Fiscal Year 2007 Budget

2. A projected increase of 4.05¢ for the Retirement System to generate new revenue of \$1.32 million to fully fund the City's obligation for the Retirement System for FY 2007;
3. An increase of just under ½ ¢ for the CCTA and County Tax Rates; and
4. A net decrease of the total of municipal tax rates of approximately ½ ¢.

It is important to note that the total net decrease in the municipal tax rates required a significant reduction in the tax rate for debt service of the City's General Obligation Bonds. The projected debt service requirement for FY 2007 is \$2,376,550. The tax rate for Debt Service is set at 5.5¢ and will generate only \$1,928,935. The gap in funding for debt service is \$523,442 and will be funded with other General Fund revenue and savings.

Budgeted property tax revenue for the General Fund exclusive of revenue for Retirement, CCTA and the County is actually \$616,343 **less** in FY 2007 than FY 2006. This reduction in tax revenue for the City General Fund reflects a lower Grand List and the reduction of the debt service tax rate to offset increases in Retirement, CCTA and the County tax rates.

Finally, this Proposed Budget recommends that approximately \$800,000 of the Local Option Sales Tax revenue generated by implementing the tax on July 1, 2006 will be earmarked to offset the projected operating deficit for Fiscal Year 2006 and to increase the Fund Balance of the General Fund consistent with the recommendations and policies adopted by the City Council. Reserving these additional revenues for the Fund Balance is essential to strengthening the City's overall finances and maintaining the current Aa3 credit rating of the City.

General Overview of the Budget Process

What is the City's budget?

The Budget is both a plan and legal enactment of the City Council. It is a financial plan stated in both words and numbers that directs the annual provision of the City services and facilities. This financial plan represents the commitment by the Mayor and City Council to provide a specified level of City services, within the limits of available funds, to meet the most important needs of our residents and businesses.

As a legal enactment of the City Council, the budget and relevant resolutions, recognizes and appropriates revenues and authorizes the expenditure of such revenues in accordance with the budget and to the extent of the availability of such revenues.

Who prepares the City's budget?

The City Charter requires the Mayor to prepare, and the City Council to approve and adopt a budget each year. As a legal enactment of the City Council, the budget authorizes the collection of revenues and the expenditures of such revenues in accordance with the policies and priorities of the City Council.

As a practical matter, the City prepares a budget to manage its finances properly. The City has a great many needs but limited revenues. The budget process provides a mechanism where elected officials, after hearing the diverse views of the people of the City, determine spending priorities as

reflected in the public services and facilities provided in the budget.

What is the legal authority of the Mayor and City Council on budget setting?

Under the provisions of the City Charter, the Mayor annually prepares and submits a budget to the City Council by June 15. The Mayor's budget is an estimate of the necessary appropriations to cover the expenses of each department and branch of City government. The City Council adopts the budget no later than June 30 of each year. The Board of Finance advises the Mayor in the preparation of the budget.

What is the City's budget year?

Directed by the City Charter, the City operates on a fiscal basis that runs from July 1 through June 30. The fiscal year is most often labeled by the calendar year in which it closes. Thus, Fiscal Year 2007 runs from July 1, 2006 through June 30, 2007.

How are spending decisions made?

The Mayor and the City Council decide what to include in the budget and what level of funding is available and necessary. The Mayor and City Council make their decisions only after consultation with the various departments, labor/management committees, commissions and the general public

Where can one find the City's budget?

Each City Department has a copy of the approved City budget. The public can view a copy of the budget at the Chief Administrative Officer's office, located in the Clerk Treasurer's Office in City Hall, or at the Fletcher Free Library. The budget is also available on the City website at: www.ci.burlington.vt.us.

How is the approved budget managed?

During the year, the general management of the budget falls to the Board of Finance. The Board membership is the Mayor (Chair), President of the City Council, two City Councilors of different parties, and the Chief Administrative Officer. The Board acts as the trustee of all public funds, acts as the Board of Audit, provides for uniform accounting, and has control of City buildings not under direct departmental control.

After adoption, specific management of the budget occurs at the department level. Departments must manage the budget within the parameters set by the budget resolution and the budget document itself. Department Heads, or Department Heads with commission approval, have the authority to commit to expenditures within the level of the approved appropriation, subject to the availability of revenues, and for the purposes specified within the budget. Conversely, no department can make an expenditure unless there has been an appropriation made available by the City Council.

Department Heads are, at the peril of their continued employment, required to remain within the legislative intent of the approved budget. Below the subsidiary level at the object code level, departments have the flexibility to move funds from one object

code to another as long as it is in keeping with legislative intent. The Board of Finance must be informed of all such budget modifications.

Can the approved budget be changed?

After the approval of the budget by the Mayor and the City Council, only limited changes to the budget are made without a formal amendment of the budget by the City Council. Expenditures beyond the level of appropriation, or for purposes other than those specified in the budget, must receive authorization from the City Council or the Board of Finance. Amendments to the budget may be made in the manner proscribed for the preparation and adoption of the budget. Transfers of appropriations from one department or branch of government to another must receive City Council approval.

Where do City revenues come from?

The property tax is the primary source of revenue to finance general City services such as Police, Fire, Library and General Administrative services. Increasingly, however, user fees have become a significant source of funds for selected City services. Water, Wastewater, Airport, and Traffic are a few examples of services for which user fees are the primary source of funds. A third major source of revenues is grants from Federal, State, and to a lesser degree, private agencies.

What are the limits to the revenues that the City can collect?

The City Charter establishes tax rate limits within which the Mayor and City Council must operate. To exceed these limits, the Mayor and City Council must get the approval of the voters at a citywide election. For example, voters may approve a bond for a major capital expenditure or approve a

special tax to increase services such as an increase in number of police officers.

participation in the budget hearings and reviews.

Who participates in the budget process?

Mayor

Under the City Charter, the Mayor annually prepares a budget. The Mayor's budget is an "estimate of the necessary appropriations to fund the expenses of each department and branch of the City government for the next fiscal year."

Board of Finance

The Board of Finance assists and advises the Mayor in the preparation of the budget. The Board of Finance is comprised of the Mayor (Chair), President of the City Council, two additional City Councilors and the Chief Administrative Officer.

City Council

The City Council provides guidance, adopts the budget of estimated revenues and proposed expenditures and makes an annual appropriation and tax levy by June 30.

In the course of consideration of the Mayor's proposed budget and annual appropriation, the City Council may reduce items that are proposed in the Mayor's budget by simple majority. However, a 2/3 majority is required to increase the Mayor's submission.

Departments and Commissions

Departments, some with commission approval, prepare, through the labor/management process, detailed recommendations to the Mayor on the budget.

Citizens

Citizens influence the budget either through their elected official or through direct

City Departmental and Accounting Structure

The accounts of the City have been based historically on funds, each of which is a separate accounting entity. The operations of each fund, accounted with a separate set of self-balancing accounts, comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The funds of the City are grouped as follows:

Governmental Funds

There are three different types of governmental funds:

1. A General Fund
2. Special Revenue Funds
3. Enterprise Funds
4. Fiduciary Funds

I. The General Fund

The General Fund is the general operating fund of the city. It is used to account for all financial resources except those required to be accounted for in another fund. Revenues and expenditures in this fund support general municipal functions such as:

General Administration

- General Administrative Departments
 - City Council
 - Mayor's Office
 - Voter Registration
 - Clerk and Treasurer's Office
 - City attorney's Office
 - Planning and Zoning
 - Assessor's Office
 - Human Resources
- General Administrative Services
 - Current Employee Benefits

- Insurance Reimbursement
- Downtown Projects
- Senior Cable Assistance

Safety Services

- Fire
- Police
 - General
 - Airport
 - Motor Vehicle Violations
- Safety Service Grants
- DPW Inspection
- Code Enforcement

Cultural and Recreation

- Library
 - General
 - Library Trust
 - Book Fund
 - VT Community Foundation
 - Libraries for the Future
 - Summer Reading Club
- Parks
 - Administration
 - Parks Maintenance
 - Recreation
 - Trees and Greenways
 - Arena
 - Boathouse
 - Memorial Auditorium
- City Arts

Public Works

- Public Buildings
 - City Hall
 - Central Maintenance Facility
- Department of Public Works
 - Recycling
 - Streets
 - Equipment Maintenance
 - Engineering
- Cemetery

Grants and Capital Projects

Operating Transfers Out

II. Special Revenue Funds

The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted or are designated for specific expenditures. Special Revenue Funds of the City include:

- Traffic Fund,
- Community & Economic Dev. Fund,
- Housing Trust Fund,
- Church Street Marketplace Fund,
- School Department (Budgeted separately by the School Board)

III. Enterprise Funds

The Enterprise Funds are used to account for a government's business-type activities, typically funded through user fees for goods or services. The City's Enterprise funds include five funds:

- Water Resources Fund,
- Wastewater Fund,
- Airport Fund
- Burlington Telecom
- Burlington Electric Department Fund.

IV. Fiduciary Fund

These funds are used when a government holds or manages financial resources in an agency or fiduciary capacity. In FY 2006, The Pension Trust or Retirement Fund falls into this category and provides for the payment of retirement benefits as well as the expenditure of employer social security expenses.

The FY07 Budget Schedule

February 10, 2006	Departments: Submit Preliminary FY07 Operating Budgets
March 20, 2006	Special Board of Finance: General Fund Departmental Presentations
April 17, 2006	Board of Finance, Discussion and Update of the FY07 Budget
April 24, 2006	Special Board of Finance, Non-General Fund Department Presentations
May 1, 2006	FY07 Budget Task Force, Parks Department Presentation
May 3, 2006	FY07 Budget Task Force, Fire Department Presentation
May 4, 2006	FY07 Budget Task Force, Police Department Presentation
May 8, 2006	Special Board of Finance
May 11, 2006	FY07 Budget Task Force, Discussion on Retirement, Benefits and Administrative Consolidation
May 15, 2006	City Council: Discussion and Update of the FY07 Budget
May 22, 2006	Board of Finance and City Council, Mayor Releases the FY07 Preliminary Budget
June 5, 2006	Board of Finance and City Council, Review and Discussion of the Mayor's Preliminary FY07 Budget and Capital Plan
June 9, 2006	Mayor Releases FY07 Recommended Budget
June 12, 2006	City Council: Adoption of the Final FY07 Budget and Capital Plan

Chapter
2

Revenue Highlight

General Fund

Property Taxes and Tax Rate

The Budget for the General Fund for Fiscal Year 2007 provides for 1/2¢ decrease in the total of the tax rates for general city government. This decrease partially offsets a 4¢ increase for the Retirement System and an approximately 1/2¢ increase for the CCTA and County.

The total non-school tax rate will thus increase to 68¢, a 4¢ increase over the current 63¢ tax rate for all non-school property taxes. This represents a projected 6.35% increase. The increase in the Retirement System tax rate for Fiscal Year 2007 is necessary to generate the estimated \$5.2 million required to fully fund the City's projected obligation for the Burlington Employees Retirement System for FY 07.

The increase in other tax rates is primarily attributable to the effects of last year's reappraisal of Burlington properties. Under the provisions of the City Charter, property tax rates are to be revised after a reappraisal to be revenue-neutral. Thus, the tax rate should change inversely proportionate to the change in value of the Grand List that is solely attributable to reappraisal. Therefore, if the Grand List doubled solely due to reappraisal, the tax rate should be inversely reduced by half to prevent a tax windfall and/or shortfall.

Unfortunately, the post-reappraisal Grand List for Fiscal Year 2006 was estimated at a level that was overly optimistic. In fact, the actual Grand List after subsequent appeals was substantially lower than the estimates at the time of the adoption of the FY '06 City Budget and the establishment of the "revenue neutral" tax rate.

As a consequence, the tax rate was set too low and the City experienced a significant shortfall of approximately \$560,000 in property tax revenue for FY '06. In order to correct the post-reappraisal tax rate to adjust for a lower than estimated Grand List, an increase in the tax rate is necessary.

Budgeted property tax revenue for the General Fund exclusive of revenue for Retirement, CCTA and the County is actually \$616,343 **less** in FY 2007 than FY 2006. This reduction in tax revenue for the City General Fund reflects the lower Grand List and the reduction of the debt service tax rate to offset increases in Retirement, CCTA and the County tax rates. Finally, the estimated Grand List for FY2007 is approximately \$90 million less than the FY 2006 budgeted Grand List.

Local Option Sales Tax

In March, 2006, Burlington voters approved a Charter Change to authorize the City to levy a Local Option Sales Tax of 1% on sales subject to the State sales tax. In May, 2006, the Vermont Legislature enacted and the Governor signed legislation approving this Charter Change. When originally proposed in January of 2006, it was anticipated the Local Option Sales Tax would be implemented effective January 1, 2007 and would generate approximately \$800,000 for the 2007 fiscal year.

This Budget recommends the adoption and implementation of the local option sales tax effective July 1, 2006. It is anticipated that the implementation of this tax on July 1 will result in total revenue of approximately \$1.6 million in FY '07. The Budget recognizes and appropriates \$800,000 to fund operating expenses for the FY '07 Budget consistent with the original projections for the need and use of this new revenue source. Further, it is recommended that the remaining \$800,000 generated by this new tax in FY '07 should not be appropriated to fund operating expenses in FY '07. Consistent with the financial policies and goals established by the City Council in March of this year, the additional \$800,000 of revenue will be set aside to increase the Fund Balance of the General Fund to the level consistent with the City Council's policies and general financial standards for municipal finances. This policy will not only enhance the City's overall finances, but will also provide an additional source of new revenue for the operating budget for Fiscal Year 2008.

Gross Receipts Tax

	FY06	FY07	Difference
Budget	1,800,000	1,806,000	6,000

This is revenue received from Restaurant, Admissions, and Amusements. The City Code of Ordinances calls for a 2% tax on the gross receipts of meals, alcohol, admission, and amusements, and a 2% tax on hotels. The portion of the Gross Receipts Tax that is a result of sales of meals, alcohol, and admissions were increases from 1.5% to 2.0% in the FY2005 Budget.

Payment in Lieu of Taxes (PILOTS)

Many organizations including Churches, Hospitals, Schools, City Utilities, and State of Vermont buildings are exempt from paying traditional property tax; instead, some of these institutions make a payment in lieu of taxes as a way of supporting the municipal services that they are provided as a result of residency in Burlington.

What follows is a list of all utilities and other organizations that pay a payment in lieu of taxes:

Fiscal Year 2007 Budget

	FY06	FY07	Difference
Water	108,360	117,190	8,830
Wastewater	363,740	352,030	(11,710)
Howard Health	12,420	24,460	12,040
BED	379,710	446,040	66,330
FAHC	67,900	126,980	59,080
Cathedral Sq.	23,870	43,300	19,430
Fern Hill	19,860	35,590	15,730
Burl Housing	14,620	16,500	1,880
VPPSA	76,760	90,880	14,120
Burl. Found.	570	1,250	680
BCLT	10,770	9,680	(1,090)
Total	1,078,580	1,263,900	185,320

Penalties and Fees

	FY06	FY07	Difference
Budget	1,295,200	1,293,700	(1,500)

A number of City departments charge a fine, fee or penalty for not adhering to certain City ordinance requirements, or being late on a required payment. These include: penalty and interest on late tax payments or other types of payments such as motor vehicle fines, towing fines, traffic enforcement fines and fines associated with code enforcement.

Licenses and Permits

	FY06	FY07	Difference
Budget	4,046,890	3,686,600	(360,290)

Certain municipal activities require a permit or a license as required by City Ordinance or the State of Vermont. This would include city business such as planning, zoning, and building business. Licenses are also issued for marriage, death, civil union, taxis, the sale of liquor, for peddlers, and for dogs. This revenue is typically collected at the Planning and Zoning Office, the Clerk Treasurer Office, or Code Enforcement.

The anticipated reduction in revenue is due to a lower projection of development permits and associated trades permits and an adjustment downward of the projection of Minimum Housing Inspection fees.

Charges for Services

	FY06	FY07	Difference
Budget	6,010,400	6,535,710	525,310

This category includes user fees, ticket sales, rent or other types of charging for the use of a city facility or to take part in a City program. This category of revenue is used by the Parks and Recreation Department, the Clerk Treasurer's Office, City Arts, Memorial Auditorium, Public Works and Code Enforcement.

The increase of \$175,310 is from the Firehouse Center for the Visual Arts. This also includes an increase in the Parks and Recreation fees at the Campground, Boathouse, Parking and Slip Rental, and an increase in the Fire Ambulance fee. An increase of \$275,000 is included in Police for accident investigation reports and \$75,000 for Fire Alarm fees.

Interest & Penalties

	FY06	FY07	Difference
Budget	133,160	180,000	46,840

Interest & Penalties on property taxes and gross receipt taxes are projected to increase by \$46,840. This is due to an increase in the estimate for property taxes based on FY05 experience.

Intergovernmental Revenues

	FY06	FY07	Difference
Budget	1,209,100	1,290,120	81,020

This includes Governmental Grants; State PILOT; State funds to support the development of the Grand List. The Police Department typically has Governmental Grants to support information technology advancements and equipment purchases.

Grants/Reimbursements

	FY06	FY07	Difference
Budget	1,642,640	1,812,820	170,180

This category includes other non-governmental grants from foundations or otherwise. The Library and the City Arts Departments typically have grants to support their programming, and this revenue would be placed in this category

Among several smaller adjustments, the Burlington City Arts is anticipating an increase in grant related revenue of \$100,000 for Firehouse Education. The estimate for insurance reimbursements from other funds has been lowered from FY06 estimates.

Proceeds from G.O. Debt & Transfers In

	FY06	FY07	Difference
Budget	2,172,440	2,098,900	(73,540)

This category includes the \$1,000,000 proceeds from General Obligations Debt, as well as payments from the Airport for Police Security. It also includes payments from Traffic to Police for Meter Enforcement and several other smaller sources.

Chapter 3

Expenditure Highlights

General Fund: General Administration

General Administrative Departments

City Council

	FY06	FY07	Difference
Budget	\$67,600	\$67,600	-

The City Council budget covers a monthly stipend to each City Councilor as well as a small amount to pay for research staff or miscellaneous expenditures.

Voter Registration

	FY06	FY07	Difference
Budget	\$18,330	\$18,180	(\$150)

The Voter Registration budget pays for a part-time employee in the amount of \$16,000. There is also a small amount of non-wage expenses such as postage and telephone costs.

Clerk Treasurer

	FY06	FY07	Difference
Budget	\$1,131,490	\$1,216,535	\$85,045

The Clerk Treasurer budget has been changed to reflect the relocation of financial accounting staff from the Public Works administrative Budget.

Additionally, a newly added program to the Clerk Treasurer's budget is Centralized Payroll. This is a merged unit that resulted in the relocation of staff from Public Works and Police into City Hall. Both of these efforts are a result of the City's desire to consolidate administrative and financial function.

The expenditures for this group have in large measure also been a shift from other General Fund departmental budgets. This budget has been increased to reflect the added costs of elections. The payroll budget, which is new for FY06, is \$194,680.

Fiscal Year 2007 Budget

It is anticipated that additional changes in this budget will occur throughout FY2007, also resulting from the consolidation of administrative and financial functions throughout the city.

Attorneys

	FY06	FY07	Difference
Budget	\$596,240	\$599,280	\$3,040

The change in the Attorneys' budget is associated with the increase in wages and arbitration fees.

Planning and Zoning

	FY06	FY07	Difference
Budget	\$422,270	\$431,519	\$9,249

The increase in the Planning and Zoning budget is a result of the Director's salary being higher than was previously budgeted. In addition, the department cut back expenditures in other professional services, advertising, printing, and notices.

City Assessors Office

	FY06	FY07	Difference
Budget	\$178,310	\$174,450	(\$3,860)

The Assessor's Office budget is being reduced as a result of a decrease in staff effort that was originally earmarked for the Reappraisal Project.

Human Resources Department

	FY06	FY07	Difference
Budget	\$270,760	\$256,946	(\$13,814)

The Human Resources Department budget has lowered, due to the fact that the FY06 budget had a part-time vacant risk manager position that is being staffed through the Clerk Treasurer's Office.

Other small expenditure adjustments were made in employee parking, telephone costs advertising and training.

General Administrative Expense

Central Computer Management

	FY06	FY07	Difference
Budget	\$488,550	\$472,824	(\$15,726)

The budget for this area supports the cost of (2) full time employees and part time temporary help. The majority of the expenditures are fixed costs for service contracts for existing software, as well as annual lease payments for certain city-wide software applications.

The reduction in this budget is a result of a realignment of expenditures to more appropriately reflect the spending pattern coupled with a reduction in contractual services.

General Governmental Expense

County Government

	FY06	FY07	Difference
Budget	\$144,935	\$177,568	\$32,633

This account funds the City's share of the expenses of the County Court System and County Sheriff's Office. This expenditure item is funded by the "County" tax in the City tax rate.

CCTA

	FY06	FY07	Difference
Budget	\$1,073,130	\$1,171,281	\$98,151

Regional Programs & Advocacy Agencies

Program	FY07
Local Motion Bike Ferry	3,500
Federal Research Program	8,500
First Night	8,500
Special Projects	10,000
Vt. League of Cities & Towns	30,000
Chittenden County Regional Planning	21,000
Metropolitan Planning Organization	16,500
Welcome Packet	1,000
Chamber of Commerce	9,300
Champlain Senior Center	9,000
Women Helping Battered Women	7,000
Rape Crisis Center	10,000
Burlington Concert Band	4,000
Other Charges	5,000
Sub-Total	143,300
GBIC	20,000
Sister City Programs	6,485
Senior Cable Assistance	12,000
Total	181,785

Regional Programs are a number of smaller projects and activities that, in addition to serving the people of Burlington, contribute to the City's role as regional center and national leader.

Safety Services

Fire Department

	FY06	FY07	Difference
Budget	4,498,660	4,767,120	268,460

The Fire Department was one of the departments that the FY07 Budget Task Force reviewed. It is possible that certain recommendations that this committee made will occur in FY07. For this reason, while we are submitting a Fire Department detailed budget, it may be the case that some changes will occur during the year. These changes, should they occur, would be fully discussed

Fiscal Year 2007 Budget

with the Board of Finance and City Council in advance of any action and would be incorporated into the budget through a budget amendment.

The Fire Department expenditure budget is in majority the personnel cost of the firefighters themselves, including wages, overtime, and extra duty costs.

This department, as with many others, will experience an increase in fuel and electrical costs.

The department also incurs the cost of maintaining the (5) fire stations throughout the City, including the expenses for heat, HVAC, communications, telephone, etc.

The Fire Department has very little room to reduce expenditures without staff reductions. The FY07 budget does not include staff reductions in the Fire Department.

Police Department

	FY06	FY07	Difference
Budget	\$7,557,600	\$7,899,342	\$341,742

The Police Department was also one of the departments that the FY07 Budget Task Force reviewed. It is anticipated that certain recommendations that this committee made will occur in FY07. For this reason, while we are submitting a Police Department detailed budget, it may be the case that some changes will occur during the year. These changes, should they occur, would be fully discussed with the Board of Finance and City Council in advance of any action and would be incorporated into the budget through a budget amendment.

Similar to the Fire Department, the Police Department budget is primarily driven by wages, overtime, extra duty and other costs associated with staff.

The Police Department budget is allocated among several accounts including Police Uniform Service Bureau; Police Vehicle; Airport Security; Dispatch and Communications; Motor Vehicle Violations and CUSI. The budgets for specific accounts are as follows:

Police Uniform Services:

	FY06	FY07	Difference
Budget	\$5,709,050	\$5,849,877	\$140,827

Police Vehicle Maintenance:

	FY06	FY07	Difference
Budget	\$221,970	\$265,540	\$43,570

Airport Security:

	FY06	FY07	Difference
Budget	\$571,090	\$682,804	\$111,714

Note: Airport Security costs are paid by the Airport including all the associated benefit costs. Thus, while these costs are budgeted in the General Fund, the costs are supported by property tax revenue.

Dispatch and Communications :

	FY06	FY07	Difference
Budget	\$635,380	\$637,606	\$2,226

Motor Vehicle Violations :

	FY06	FY07	Difference
Budget	\$355,350	\$397,695	\$42,345

The number of sworn officers that the City authorizes the department to fill is presently at 104. Due to the length of time it takes to recruit and train an officer and the amount of officers out on leave, the department has a great deal of difficulty meeting this target. Therefore, it is often the case that the amount of wage budgeted to meet this target is not expended. The City anticipates that the savings associated with not meeting the target of 104 officers will be \$225,000. This amount is taken into consideration in the Police Uniform Services Division budget and has assisted the department in meeting the budget target.

The City will be reviewing the fines associated with towing to be certain that the towing program is at minimum paying for itself. Presently, the department is not charging the full amount that is allowed by ordinance.

Annually the department receives funds for equitable sharing, that is, revenue received from forfeitures. The City is working with the department to incorporate this revenue more fully at the time of the preparation of the annual budget.

As has been mentioned the Police Department is also incurring the added costs for the increase in gasoline and electricity.

Comprehensive Code Enforcement

	FY06	FY07	Difference
Budget	\$735,900	\$793,642	\$57,742

The total budget for the Department is listed above. Code Enforcement includes Zoning Ordinances and Minimum Housing.

While there are overlaps in the missions of these two programs and interdependencies between housing and zoning enforcement, it was determined that for budgetary and management ease, the two programs are budgeted separately.

In large measure, the increase in the departmental expenditures is due to the increase in benefits which are directly charged to the department.

The detail of the Housing and Zoning budgets are as follows:

Cultural and Recreation

Library

Programs	FY06	FY07	Dif.
General Library	\$1,048,680	\$1,054,769	\$6,089
Library Trust	\$15,000	\$10,000	(\$5,000)
Book Fund	\$15,000	\$23,800	\$8,800
Health Center	\$3,000	\$0	(\$3,000)
VT Com Found.	\$0	\$500	\$500
Summer Reading	\$0	\$6,050	\$6,050
Campaign Future	\$0	\$19,300	\$19,300
Tree Replacement	\$0	<u>\$2,000</u>	<u>\$2,000</u>
Total	\$1,081,680	\$1,116,419	\$34,739

The budget program areas in the Library include the following: Library General Services, Library Book Fund, Summer Reading Club, and Campaign for the Future and Tree Replacement Project.

Parks & Recreation

The Parks and Recreation Department was also one of the departments that the FY07 Budget Task Force reviewed. It is possible that certain recommendations that this committee made will occur in FY07. For this reason, while we are submitting a Parks Department detailed budget, it may be the case that some changes will occur during the year. These changes, should they occur, would be fully discussed with the Board of Finance and City Council in advance of any action, and would be incorporated into the budget through a budget amendment.

The following programs are part of the total level of services offered by the Parks and Recreation Department:

- Parks Administration
- Parks Maintenance
- Recreation Programs:
Coordinator 1, Coordinator 2, City Kids, Events, Recreation, 242 Main, Community Gardens
- Trees & Greenways
- Arena
- Community Boathouse
- Parks Operations: General Operations, North Beach, Projects, Events, Administration, Operation – Pease Parking Lot
- Memorial Auditorium: General Administration, Concessions, Hall Rental
- Gosse Court

A summary of the higher level components of the Parks Department budget is as follows:

Program	FY06	FY07	Difference
Administration	\$253,470	\$257,025	\$3,555
Maintenance	\$240,530	\$241,740	\$1,210
Recreation	\$830,250	\$891,615	\$61,365
Trees/Greenways	\$177,000	\$183,350	\$6,350
Arena	\$611,070	\$630,420	\$19,350
Boathouse	\$354,660	\$367,593	\$12,933
Parks Operations	\$902,050	\$887,700	(\$14,350)
Memorial	\$232,260	\$213,633	(\$18,627)
Gosse Ct.	<u>\$31,000</u>	<u>\$29,000</u>	<u>(\$2,000)</u>
Total	\$3,632,290	\$3,702,076	\$69,786

As the development of the budget process continues, we will be looking at the allocation of staff of Memorial Auditorium. After some discussion, it appears that Memorial staff is used in other facilities and programs. Staff from Memorial regularly helps maintain the Center for the Visual Arts and are supporting the Parks Department for events management. The Memorial Auditorium budget will need to be reviewed and potentially adjusted to more accurately reflect the utilization of the staff.

Burlington City Arts

	FY06	FY07	Difference
Budget	\$831,110	\$914,864	\$83,754

The growth of the City Arts budget is due to the fact the Center for the Visual Arts is complete. At this point the department is fulfilling the mission and programming requirements of the Center.

Discussion on the custodial staffing requirement for the Center for the Visual Arts may result in an adjustment to the City Arts budget.

Public Works

Public Buildings

	FY06	FY07	Difference
Budget	\$265,400	\$286,848	\$21,448

This program covers the cost of two maintenance staff. The overall growth of this budget is primarily due to the increase costs of electricity. The expenditure budget is also being adjusted for the cost of running the HVAC system that was installed during the renovation of the first floor. The increase is also associated with increased costs of fuel.

Firehouse Building

	FY06	FY07	Difference
Budget	\$30,000	\$53,000	\$23,000

Similar to the City Hall Maintenance budget, this budget is for the general maintenance of the Center for the Visual Arts. This budget is being adjusted to reflect the increased costs of electricity and gas.

Fiscal Year 2007 Budget

Central Maintenance Facility

	FY06	FY07	Difference
Budget	\$242,960	\$246,091	\$3,131

The Central Maintenance Facility is the City facility located on Pine Street which houses the Department of Public Works, the Parks Department and the Code Enforcement Office. This expenditure budget carries all costs associated with the running of the building.

The expenses associated with paying for the facility and the cost of running the building is allocated to the departments that utilize the space.

General Fund Capital Improvements

The table below represents the FY07 General Fund capital plan. This information can found in the FY07 budget in the General Fund summary page listed under General Fund Capital Improvements; the General Fund Subsidiary listing on page 29; and in the General Fund detail pages beginning on page 40.

These projects are financed by the annual GO Bond borrowing of \$1,000,000 and other dedicated sources. The reserve amount listed below will be used as we finalize the review of all capital projects requests and determine the most critical need.

FY07 General Fund Capital

<u>Sources</u>	<u>Amount</u>
Annual Small and Working Capital: GO Bond Borrowing	\$ 1,000,000
Act 68 GL Maintenance	28,000
Green Belt Maintenance	94,670
Open Space Funds	189,043
Street Repaving Capital	1,676,661
Total	\$ 2,988,374

<u>Uses</u>	
GO Bond Borrowing	Memorial Restroom
GO Bond Borrowing	City Hall Painting
GO Bond Borrowing	City Hall HVAC
GO Bond Borrowing	Zoning Rewrite
GO Bond Borrowing	Fire House Roof Repair
GO Bond Borrowing	Reserve and Issuance
Act 68 GL Maintenance	
Green Belt Maintenance	
Open Space Funds	
Street Repaving Capital	
Total	\$ 2,988,374

Individual departments have responsibility for the maintenance of certain public facilities. On an annual basis these departments provide a list of building or infrastructure repair.

Through discussions with these departments, it has become apparent that the City would benefit from a formal review of all public buildings in order to determine the level and criticality of required repair. In FY07 the Mayor will request that the City Engineer work with all city departments to understand the full inventory of facility capital improvements and design a process for addressing these needs that is a coordinated and consistent process.

After this review, a revised capital spending plan would be developed which would address the most critical need first. This plan would also assist in future fiscal year capital budgeting. The chart that follows on this and the next page represents what was submitted by departments for General Fund Capital for this fiscal year. We are also including the FY06 Budget and the spending as of 3/31/06. At this time, it is unclear if this represents the full capital repair requirements for all municipally owned facilities.

General Fund Capital: FY06 Budgeted and FY06 Spending as of 3/31/06 and FY07

	FY06 Funded	FY06 YTD as of 3/31/06	FY06 Carryover	FY07 Request	Recommended FY07
Cemetery					
General Improvements	8,000	13,099			
Phase I of Cemetery Redevelopment				265,000	
Road Repair				100,000	
Building Repair				40,000	
Fountain Repair	-	-	-	125,000	-
	8,000	13,099	-	530,000	-
Memorial Auditorium					
Main Stage Restroom Modifications				40,000	40,000
North Wall & Stairs Repair				90,000	
General Repairs				10,000	
Bleacher System Replacement				200,000	
Balcony & Floor Chair Replacement				280,000	
South and East Access Stair Repairs				80,000	
Memorial Plaques Restoration				15,000	
Upgrades to Systems & Infrastructure				2,500,000	
New Addition	-	-	-	2,000,000	-
	-	-	-	5,215,000	40,000
Clerk Treasurer					
City Hall Stairs	250,000		250,000		-
Clock Tower	150,000		150,000		-
Computer Acquisitions	40,000	108,723	40,000		
Technology Improvements				50,000	
City Hall Exterior Painting & Repair				75,000	75,000
HVAC Improvements				50,000	50,000
Reserve and Issuance	70,000	77,561	-	70,000	710,000
	510,000	186,284	440,000	245,000	835,000
Library					
Exterior Repair				80,000	
Carnegie Building Windows	-	-	-	22,000	-
	-	-	-	102,000	-
Parks and Recreation					
Ethan Allen Tower	5,000				
Leddy Arena/Gosse Court Arm	250,000	104,379		250,000	
Parks Capital Improvements	95,000	50,282		100,000	
Boathouse Walkway and Paving				45,000	
Perkins Pier Dock Replacement				50,000	
Bike Path Restoration @ Northshore				400,000	
Playground Replacements	-	-	-	100,000	-
	350,000	154,661	-	945,000	-
Subtotal for this page	868,000	354,044	440,000	7,037,000	875,000

**General Fund Capital: FY06 Budgeted and FY06 Spending as of 3/31/06 and FY07
(Continued)**

		FY06 YTD	FY06		Recommended
	FY06 Funded	as of 3/31/06	Carryover	FY07 Request	FY07
Subtotal From Previous Page	868,000	354,044	440,000	7,037,000	875,000
Fire and Police					
Fire Station Study	25,000		25,000		
Remodeling of Fire Station @2				100,000	
Facility Improvement- Station #1, #2, #3				310,000	
Handicap Access				7,500	
Pave Ramp #3				6,500	
Boiler - #1				80,000	
Apparatus Flow - #3				15,000	
Window Replacement				65,000	
Tamp - Concrete & Page #5				14,000	
Furnace - Sttion #2				27,000	
Ceiling/Men's Locker Room				25,000	
Carpet				30,000	
Entrance Doors & Windows				23,000	
Roof Replacement				60,000	
Repaving	-	-	-	15,000	-
HVAC Unit	25,000	-	25,000	778,000	-
Public Works					
Mobile Inspection	50,000	-	50,000	-	-
	50,000	-	50,000	-	-
Attorney					
Zoning Rewrite	50,000	83,630	-	50,000	50,000
	50,000	83,630	-	50,000	50,000
City Arts					
Fire House Center	7,000				
Fire House Roof Repair	-	-	-	75,000	75,000
	7,000	-	-	75,000	75,000
TOTAL	1,000,000	437,674	515,000	7,940,000	1,000,000

The final actual amount at the end of the FY06 fiscal year will determine the amount of carryover from FY06 to FY07. Because certain projects did not get started in FY06, or started late in the fiscal year, we know that this money will be carried forward into FY07; these include the repair to the stairs to City Hall, the repair of the City Hall Clock Tower and the mobile equipment for Public Works Inspection. Computer acquisition spending in FY06 will be covered by previous fiscal year carryover and lease proceeds which will be adjusted at the end of FY06.

Description of General Fund Capital Requests

Cemetery

The Cemetery would like to repair and resurface the existing road network in the Cemetery system. The department would also like to repair and renovate work in Cemetery buildings to include floor and window replacements, insulation and painting. The fountain repair is to upgrade/bring the historical fountain to operable condition.

The Fletcher Free Library

The Library is asking for repairs to the new addition to the Library including replacement of a failed sealant between the bricks and glass window frames and repair failed joints between precise concrete panels. They would also like to paint the Carnegie building windows.

Memorial Auditorium

As described below, Memorial Auditorium has a wide range of capital improvement needs. These include:

1. Expansion and modification of the existing stage restroom to comply with ADA accessibility requirements as per DOJ agreement. Work must be completed by December, 2006;
2. Repair and replacement of the existing north side retaining wall and main level access stairs. These areas are severely deteriorated and pose a potential safety hazard.
3. General repairs and upgrades to the building's mechanical, electrical and life safety systems and general infrastructure that cannot be funded in the operating budget.
4. Replace entire main floor bleacher system to include seating for 1,000. Portions of existing system are not serviceable. Repair parts and upgrades are not available.
5. Complete replacement of all chairs currently used for the main floor and balcony seating. Existing chairs have far exceeded their expected service life;
6. Repair of the existing exterior access stairs on the south and east sides of the building. The south side also includes extensive wall repair. Repair at this time will prevent more costly repair in the future.
7. Restoration of the memorial plaques located in the main lobby. Included are the mounting of several plaques currently in storage. This project represents all of the work that needs to be done to the historical structure, including upgrades to the electrical, heating, ventilating, plumbing and fire safety systems.
8. Exterior brickwork and detailing needs to be repaired and windows replaced. Major interior renovations include upgrades to restrooms and interior finishes.

9. Construction of a two floor addition on the north side of the building; this project would include an elevator to provide multi-floor handicapped accessibility to the entire building. This project is a component of the community recreation master plan and would provide recreation program space and a loading dock for main floor event set up and breakdown.

Clerk Treasurer

The department is asking for capital funds to fix ventilation problems in the basement of City Hall and to purchase an HVAC monitoring system that would cut down on staff manually operating the systems. In additions, funds are requested to paint the exterior of City Hall. A request for funds to support advancement in technology is also included.

Parks and Recreation

The department is seeking funding for small scale repair and renovation projects to park facilities and infrastructure; such as playground replacements and upgrades, court repair & resurfacing, roof replacements, asphalt paving. Individual projects and priorities are determined annually and generally will cost between \$5,000 and \$20,000. The department is also seeking money to replace the Boathouse walkways and decking, including concrete paving of the existing gravel surface of the north and south walkways lead in to the boathouse. Install new decking surface on the main deck east of the boathouse. The existing decking is deteriorated. The department is also looking for funds for the replacement of existing playgrounds at Schamanska, Smalley, and Baird's Parks.

Public Works

The department is asking to have the street repaving program supplemented in the amount of \$200,000 in general fund capital. This request is for the purpose of expanding the department's ability to pave streets in FY2007.

Attorney

The department is coordinating the City's Zoning Re-Write project and while the project is expected to finish in FY2007, it will require funding until completion.

City Arts

The City Arts department is asking for general fund capital to continue with the original construction and to fix the slate roof.

Special Revenue Fund

CEDO

	FY06	FY07	Difference
Budget	\$4,692,540	\$4,796,001	\$103,461

The Community & Economic Development Office (CEDO) facilitates and coordinates the delivery of housing and community development services in the City. Through its three divisions: Economic Development, Housing & Neighborhood Revitalization and Community Development, CEDO helps to define and implement public policy affecting housing and community development; administers federal and state grants and Housing Trust Fund revenues; operates several loan and grant programs; and supports development within the City which is consistent with local plans, policies and priorities; works to reduce poverty; and supports the non-profit infrastructure.

CEDO works to develop affordable housing and to address local housing needs; works to revitalize the waterfront, downtown and local neighborhoods through physical improvements, community organizing, restorative justice and conflict resolution, economic development and housing initiatives; works to increase economic opportunity for all residents through financial and technical assistance for businesses, development and redevelopment of commercial space (including redeveloping brown fields and developing affordable and incubator space), and increasing quality employment opportunities and asset protection and accumulation strategies for those who are traditionally underserved, administers and operates numerous grant programs (formula-based entitlement, competitive and legislative set-aside) while working to leverage other public and private resources.

Traffic

	FY06	FY07	Difference
Budget	\$6,217,950	\$6,622,360	\$404,410

This program includes Traffic Control, Municipal Parking Garage, Airport Parking, School Crossing Guards, Parking, Administration, College Street Garage, Burlington Square Garage, Fire Alarms.

Traffic Control: This program provides administration for several seasonal City projects, maintains all regulatory and street name signs, and maintains all traffic signals within the City.

Municipal Parking Garage: This program accounts for the expenses incurred in running the municipal parking garage. It is offset by revenues collected from fees charged to its users.

Airport Parking: This program funds the expenses necessary to operate the parking facility at the Airport as a 24 hour per day operation.

School Crossing Guards: This program funds the school crossing guards posted at warranted locations throughout the City. Guards are on duty for morning school openings and again in the afternoon at school closing. In the summer when school is closed, guards are given the opportunity to work in various Departments citywide. This program costs are absorbed in the overall traffic budget.

Parking: This program funds the operation of all parking lots as well as meter collections. Data is from the program previously known as Waterfront Parking.

Church Street Marketplace District

	FY06	FY07	Difference
Budget	\$668,290	\$726,251	\$57,961

The mission of the Church Street Marketplace District is to provide responsible management leading to an economically successful downtown which is vibrant, clean, and safe for the benefit of fee payers, community members and visitors. The programs included in the Marketplace are: Administration, Promotions, Maintenance, Snow Removal, Vandalism, Security and Capital Improvements.

Enterprise Fund

Water

	FY06	FY07	Difference
Budget	\$5,054,120.00	\$5,154,860.00	\$100,740.00

The mission of the Water Department is to produce and deliver drinking water that meets or exceeds federal and state standards in the most cost effective manner. This includes:

1. Process: This program is responsible for producing potable water for the City of Burlington 365 days per year, 24 hours per day;
2. Distribution: This program maintains the water distribution network of over 100 miles of water mains that deliver water to the City of Burlington;
3. Meter: This program is responsible for reading approximately 9,900 water meters monthly, and responsible for maintaining and installing water meters and collection and disconnections of delinquent accounts;
4. Billing: This program produces the monthly water/wastewater bills and all associated tasks related to payment receipt, posting, and generating monthly collection lists;
5. Administration: This program carries the administrative costs associated with functional operation of the Water Division. Also included in this program are debt service payments, and City generated fees such as payments-in-lieu of taxes and franchise fees. With the exception of debt service and City fees, the balance of this program (administrative costs) is allocated to the other four programs in Water.

Wastewater

	FY06	FY07	Difference
Budget	\$5,761,780	\$5,498,820	(\$262,960)

Fiscal Year 2007 Budget

The Wastewater Department's mission is to manage water quality – meet or exceed all permit regulations; measure violations – the goal is for no major violations with very few minor ones; maintenance – maintain accurate maintenance records and perform 100% of all preventative and corrective equipment maintenance; treatment – treat all wastewater received into the plant before discharging into lake; safety – train all employees on safety and provide a safe work place environment. The programs include:

1. Administration: This program carries the administrative costs associated with the functional operation of the Wastewater Division. Also included in this program are debt service payments, and City generated fees such as payments-in-lieu of taxes, franchise fees, excavation fees;
2. Main Plant: This program carries out all tasks related to operating a 5.3 MGD Wastewater plant. This program is also responsible for treating water during storm events up to 100 MGD, and regional sludge dewatering for other Chittenden County towns;
3. North Plant: This program is associated with all tasks necessary to operate a 2 MGD Wastewater plant, and treat septage and leachate from surrounding communities;
4. East Plant: This program is responsible for all tasks associated with operating a 1.2 MGD Wastewater plant. Treat septage from surrounding communities;
5. Pump Stations: This program carries out all functions related to maintaining 34 pump stations.

Airport

	FY06	FY07	Difference
Budget	\$12,543,122	\$12,517,956	(\$25,166)

The Burlington International Airport will strive to provide and promote the highest quality of aviation services to its customers. These customers include air passengers, airport tenants and the general aviation community.

High quality air service includes, but is not limited to effective safety and security strategies; well-maintained infrastructure, commercial air service choices, and the lowest possible costs.

Burlington Telecom: Municipal Phase I

	FY07
Operating	187,228
Capital	5,000
Interest	120,000
Total	312,228

Burlington Telecom: Phase II Commercial

	FY07
Operating	52,115
Capital	3,000
Total	55,115

Burlington Telecom: Phase III City-Wide

	FY07
Operating	\$2,922,868
Capital	\$4,200,000
Interest	\$968,642
Total	\$8,091,510

Background

Burlington Telecom has constructed two networks: 1) the City Network, which connects all City Government offices (Phase I) plus 12 outside institutions (Phase II) for a total of 49 connected sites (6 more are in process); and, 2) the “universal public network” which will pass every home and business inside the City limits (Phase III). Both of these networks have been financed by Capital Leases from Koch Financial Inc. of Arizona: \$2.6M for the City Network and \$20M for the “universal public network”. This financing is “subject to appropriations”; i.e. it is secured by the network and revenues of the project in the first instance. Should there ever be a default which cannot be cured from the above assets, Koch can ask for the remainder to be paid by the City. In this case, the Mayor is obliged to request such payment from the Council. However, the Council is not legally bound to grant the request.

None of BT’s funding comes from the General Fund. The Koch financing pays for all costs—capital and operating—until the relevant network becomes “cash-flow positive”—i.e. is able to pay for all costs from its own revenues. This has already occurred with the “City Network”: i.e. the value of services provided to the City and to the outside customers (Phase I + II) now exceeds all costs of providing those services—both operating costs and “capital” costs (i.e. the cost of servicing the debt).

The Phase III network is still being built. The “hub” (cable TV head-end, telephone switching equipment, Internet routers, power supply, control systems etc.) has been completed. The first neighborhood—the “Initial Service Area (ISA) has been “wired” (i.e. fiber cable passes every premise). We began connecting regular customers in the ISA on January 31. The first regular billing cycle finished on February 20. This first set of bills covered 50 residential customers and 1 business customer.

Current status :

Currently, only the Initial Service Area (ISA) comprising 2400 residences has been “built out”: i.e. all premises have been passed by a cable. As of Friday, June 1, 2006, BT has 364 regular paying customers connected to the Phase III network, all within this ISA. This constitutes 15% of the premises and is on the projected path of “customer take-up”.

Fiscal Year 2007 Budget

Finances

I. The “take-rate” (i.e. percentage of potential customers who have actually hooked-up to BT) is exactly on target overall. However, the mix is more heavily weighted toward residences than BT’s Business Plan calls for over the long run. This is because BT has been concentrating its marketing on the residential sector. Over the next 6 months we intend to increase our marketing to businesses.

II. Average Revenue Per User (ARPU) has been climbing steadily and has now reached \$77/mo. for residential and \$243/mo for business. Both of these are very close to our projected figures. However, we expect these to continue to increase as customers become confident of BT’s stability and capability.

III. As a result of “I” and “II” above, total revenues are slightly behind the long-run projection but are expected to climb above that as the additional neighborhoods are built-out. Costs, on the other hand, are somewhat less than expected with the result that Gross Margins are slightly better than originally projected.

Prospects/plans

Build-out for the remainder of the South End (2000 premises) will commence the week of June 12, 2006, and will be completed in 60 -90 days, thereafter. Hook-up in this area will begin immediately thereafter. Construction in the New North End (2000 premises) is expected to begin in September and completed by December 2006. Hook-up will begin on or around the New Year. Specifically, BT is currently on track to:

1. complete wiring the rest of the South End (“Customer Service Area 1”, CSA¹) by the end of August 2006;
2. begin connecting customers in CSA¹ on July 30, 2006;
3. begin wiring of the New North End, September, 2006;
4. begin connecting customers in the NNE, December 2006;
5. complete wiring of remainder of the City by end of 2007.

We expect to become “cash flow positive”² for all of Phase III with approximately 4500 – 5000 customers (depending on actual ARPU realized) by approximately the end of FY2008. Phase I and II are already cash-flow positive.

¹Except for neighborhoods with “buried” utilities. All such neighborhoods in the entire City will be done as a single contract at the end of the total build-out period.....late 2007.

²Revenues exceed all costs—including cost of servicing debt

Burlington Electric Department

Operating

	FY06	FY07	Difference
Budget	\$44,569,000	\$49,953,000	\$5,384,000

Capital

	FY06	FY07	Difference
Budget	\$4,258,000	\$4,302,000	\$44,000

Debt Services

	FY06	FY07	Difference
Budget	\$9,525,000	\$9,496,000	(\$29,000)

The Burlington Electric Department (BED) will continue to be a leader in sustainability by producing power that is as clean and as locally produced as possible.

BED will continue to treat the environment with the utmost respect and will continue to influence decisions and public policy that enhance environmental quality, the use of renewable resources, and the sustainability of Burlington.

BED will continue to provide customers with top-quality advice on energy efficiency and will promote new products that help to achieve maximum efficiency.

BED will continue to make its decision through an open process, seeking input from the public.

Through good and fair business practices, prudent power purchases and efficiency programs, BED will continue to offer low rates and affordable bills to its customers.

As a public power entity, BED will always put the customers – the residents and business owners of Burlington – first when making decisions, all of which will be in the best long-term interest of the City.

BED will continue to employ technically competent employees, who are supportive of public power; who have a high ethical standard; and who believe in life-long learning. It will treat its employees fairly and provide the support they need to do the best job they can.

BED provides the City of Burlington and the Burlington International Airport with electricity. It maintains the distribution lines within this area. BED is 50% owner and manager of McNeil Generating Station. BED provides energy efficiency programs to its ratepayers.

Burlington Electric's Fiscal Year 2007 Budget

This budget includes a 22.86% rate adjustment. The increase was largely due to power supply costs and the natural gas market, in particular. The request was approved, in full, by the Vermont Public Service Board, and the new rates went into effect with service rendered May 1, 2006.

With the rate increase included in the fiscal year '07 budget, Net Income is a healthy \$1.3M, Debt Coverage is 1.49 (1.25 required) and cash balances should be much closer to our desired target of \$2M.

Filing this revenue adjustment did not eliminate our need to continue to monitor and control spending. Out of a \$50 million expense budget only \$10.9 million (21.8%) can be considered "controllable" by decisions of management. (\$39.1M or 78.2% of the budget is for fuel, purchased power, debt service and taxes.) That being said, this budget is up only 0.5% (\$50,000) over last year's budget.

Since fiscal year 1998, costs are up only \$900,000 (an average of 0.9% per year, not including inflation). This was accomplished during a period of major increases in health care and pension costs (up \$1,000,000 annually since '03) and major increases in capital improvements to the distribution system.

We believe this budget is just and reasonable. It allows us to continue to pay down debt and improve reliability, customer service and safety.

Chapter 4

About Burlington, Vermont

City Overview

The City of Burlington is located in northwestern Vermont on the eastern shore of Lake Champlain directly across from northern New York State. The largest city in Vermont, Burlington is the commercial center of Chittenden County and encompasses 16 square miles. The City is 90 miles south of Montreal, Quebec; 220 miles northwest of Boston, Massachusetts; and 300 miles north of New York, New York. Highways serving Burlington include State Highways 2 and 7 and Interstates US 89 and 189. The Lake Champlain Transportation Company operates ferries on Lake Champlain between Vermont and New York. The Burlington International Airport has daily jet service to the northeast, mid-west, west coast, some southern cities and commuter service to and from Boston, New York, Syracuse, Albany, and Washington, D.C. Greyhound Lines and Vermont Transit Company provide bus service. Vermont



Railway Corporation and the Central Vermont Railway (subsidiary of the Canadian National Railroad) provide freight service. The Chittenden County Transportation Authority, which represents Burlington, Essex Junction, South Burlington, Shelburne, Charlotte, and Winooski, provides local bus services.

Form of Government

Burlington was incorporated as a City in 1852.

The City's governing body is composed of the Mayor, who is elected for a 3-year term, and a 14-member City Council, each of whom is elected for staggered two-year terms. The larger departments of the City have a commission form of

government, with the commissioners being appointed by the City Council with the Mayor presiding. Commissioners appointed to office serve for a three-year term on a staggered basis.

The Mayor annually appoints the City Attorney, Chief Administrative Officer, and other general governmental administrators. Department heads for the operating departments such as Police,

Fire, Parks & Recreation, and Public Works are appointed by and accountable to the Mayor and, also accountable to their respective commissions. The Mayor recommends an annual budget for action by the City Council. During the year, the commissions have general budgetary control within guidelines established in the budget.

Pursuant to Vermont law, all public employees except most supervisors, confidential employees, and certain school district employees in the State of Vermont have the right to organize and to bargain collectively with their public employers on matters of wages, terms and other conditions of employment other than managerial policy.

Retirement System

The Burlington Employees' Retirement System became effective as of July 1, 1954. It covers virtually all City employees, except the majority of teachers who are eligible for the Vermont Teachers Retirement System. Membership in the pension plan is divided into two classes. Class A consists of members of the Fire and Police Departments not including clerical employees. Class B represents the remainder of Burlington's City work force.

Contributions to provide the benefits under the system for Class A members are made jointly by employees in its class and by the City. On and after July 1, 1967, the City makes all contributions to provide the benefits under the system for Class B members.

The City's share of the system is funded partially on an annual funding basis by a special government tax levy. This retirement portion of the tax rate is determined by the Retirement Board and subject to appropriation in the annual budget approved by the City Council and is not subject to limit.

Vermont Teachers Retirement System presently has no unfunded pension liability.

Insurance

The City of Burlington is insured under a package policy covering property, liability, auto, crime, boiler, and machinery. The property coverage includes building and contents, owned builder's risk, E.D.P. equipment, inland marine and care, custody and control.

The broad form comprehensive general liability insurance covers personal injury and property and includes public officials, police professionals and host liquor liability. The auto coverage extends to hired non-owned and uninsured motorists. The crime coverage includes employee dishonesty, money, securities, and the statutorily required named-position bond. A special medical malpractice policy covers emergency medical technicians and ambulance attendants.

The City currently is a member of the Vermont League of Cities and Towns Property and Liability Intermunicipal Fund, which pools the experience of Burlington and many other communities in Vermont. The Fund is a self-insured program for general liability, police liability, property and workers' compensation. The City is covered under separate programs for its electric and airport functions. The Fund holds an annual self-insured retention (SIR) of \$150,000, \$2,000,000 limit of liability per occurrence with an annual aggregate SIR of over \$250,000,000 in property coverage. In addition, the City has purchased excess liability coverage with AIG/National Union with a \$15,000,000 limit of liability above PACIF program.

City Services

The City provides the full range of municipal services including police and fire protection, emergency medical services, street construction and maintenance, recycling, traffic signalization, planning and zoning, community and economic development, parks and recreation, youth services, arts programs, education and general administrative services. The City also operates the following enterprise

funds: (1) electric, (2) water, (3) sewage collection and treatment and (4) airport facilities.

Public Safety: The City's Police and Fire Departments provide crime prevention; fire fighting, fire prevention services, Emergency Medical Services, and Public Fire Education. The Fire Department is also responsible for the City's Emergency Management Program. The Police Department has 96 full-time/part-time police and 37 full-time/part-time civilian personnel. The unique and comprehensive philosophy on Community Policing has been recognized nationally as a model in the profession. The Fire Department has 79 full-time employees and a Class III fire insurance rating.

The City's Department of Public Health and Safety provides public health and safety regulatory enforcement and inspections.



Department of Public Works: The Department of Public Works (DPW) consists of six divisions. The Street Maintenance Division constructs and maintains highways, sidewalks, water and sewer distribution systems, and removes snow. The Wastewater Division manages the City's combined sewer system. The City garage is also operated within the DPW. The City garage maintains the vehicles of all the divisions of the DPW as well as the vehicles of the police and fire, parks and electric departments. The Administration and

Engineering Division is responsible for all engineering work, public works, contract management, traffic engineering and the management of parking throughout the City. The Water Division manages and operates the City's water supply and treatment facilities. The Inspection Services Division is responsible for building code enforcement. The Code Enforcement Office supports a "peaceful enjoyment in a safe environment" for Burlington citizens. Our office enforces a broad range of public health and safety regulations including housing, zoning, health, parking, environmental, public nuisance, and other safety codes.

Libraries and Recreation: Burlington's library houses a collection of approximately 124,840 books, records and tapes according to the 1995 Standards report to VDOL. The Library has 12 full-time and 9 part-time staff members. In 1996, the City implemented a 1/2 ¢ property tax levy dedicated to the purchase of new books. The Parks and Recreation Department maintains the City's 16 parks and administers a wide range of youth and adult recreational programs

Burlington City Arts: Since 1983, the City has partially funded the Burlington City Arts Department, which was established to make arts more accessible to all segments of the



population.

The Arts Council brings a broad spectrum of arts programming to Burlington and encourages partnerships between business, educational, artistic and governmental organizations in the production of cultural events. In addition, this Department manages the City's civic arena and promotes a wide variety of programs and special events.



Community Development: The development and implementation of a comprehensive community development strategy for the City and the maintenance of new development within the City's Municipal Development Plan falls under the direction of the Community and Economic Development Office (CEDO), the Department of Planning and Zoning and the Burlington Housing Authority.

CEDO provides funding for community development programs primarily financed by federal grants. The Burlington Housing Authority administers housing assistance programs with the use of federal funds and

rental payments. The Department of Planning and Zoning develops and enforces zoning ordinances designed to maintain City development within the standards of the Department's Municipal Development Plan.

Church Street Marketplace Commission: The Church Street Marketplace Commission was established in 1978 to manage the \$6.7 million Church Street Marketplace in the downtown area. The project encompassed construction of a walkway on Church Street, a bus loop with a series of bus shelters, pedestrian lighting, landscaping, and the replacement of utilities, including gas lines and sewer and sanitary lines. Funding of the project was financed through the Urban Mass Transportation Administration (80%) and through a general obligation bond issue, dated November 1, 1980 (20%). The Commission receives its operating and maintenance expenses from a special assessment on Church Street merchants and property owners and from other revenues. The Commission consists of nine members appointed by the City Council to three-year terms.



City Parking System: The Burlington Public Works is currently responsible for the management, operation, and maintenance of three (3) multi-level parking structures totaling over 1,000 spaces; one attended surface lot of 110 spaces; six metered surface lots totaling 304

spaces; one 85 space leased surface lot; and 1,100 on-street parking meters, all within the downtown business district.

These operations are organized within the Traffic Fund (the “Fund”), a Special Revenue Fund. By City Charter, all revenues generated by the Fund are retained by the Fund and restricted for traffic related expenditures. The bulk of the Funds’ revenues are generated by monthly lease holders and transient parkers utilizing the parking system.

The Public Works’ responsibilities also include the design, construction, maintenance, and repair of the city-wide traffic signal system; all regulatory and directional right-of-way signage; all pavement markings; the School Crossing Guard Safety program; and the maintenance and repair of the City’s fire alarm system.

Additionally, Public Works is the contract operator of a one thousand space parking structure at the Burlington International Airport. Payment for this contract is based on a sliding percent scale of the gross revenues collected. From that percentage, operating expenses are paid and any net revenue is retained in the Traffic Fund.

The Department provides these identified services within an annual budget of \$4.2 million dollars. Capital Expenditures are pre-programmed into the operating budget as either cash expenses or in the case of some equipment leases purchased over a five-year term.

City Enterprises

Airport Commission: The Burlington International Airport is in its 78th year of operation.

The Airport has experienced rapid growth since 2002 with the advent of service by JetBlue Airways, but the rate of growth has eased in the last year. Commercial air service is currently available from six major carriers that offer non-stop flights to thirteen destinations including Atlanta, New York, Chicago, Cleveland, Philadelphia and Washington D.C.



Income produced by landing fees, concession fees, rentals and other sources allows the Airport Commission to be totally self-supporting. Approximately 1,400 people are employed at the airport.

Electric Department: The Electric Department was created in 1905. Electricity of the City is supplied by a diversity of sources. During fiscal year 2003, 40% of Burlington’s electricity was provided by renewable energy sources. The McNeil Station provided 23% of Burlington’s energy followed by various contracts for power such as Northeast Utilities Service Company, and Pacific Gas and Electric Energy Trading. The Electric Department owns a 50% share of the McNeil Generating Station, a 50 MW wood fired unit located in Burlington, Vermont and also owns a 22 MW peaking unit on the waterfront.

Water Division: The Water Division of the Department of Public Works provides water treatment, metering and distribution to 9,800 customers. There are 121 miles of water mains in the City.

Wastewater: Twelve Wastewater personnel operate 3 Wastewater treatment facilities and 25 pump stations. During 2003, 2,199,070,000 gallons of wastewater and storm water were treated through the Main, North, and East Plants.

The Main plant is the central station for sludge dewatering. Currently, sludge from the two outside plants, East and North, is trucked to the Main plant for processing. Main plant has the capacity to dewater sludge above and beyond the current needs of the three wastewater plants. Burlington also processes sludge for Shelburne, Winooski, Essex Junction, and South Burlington.

The Main plant is the central station for sludge dewatering. Currently, sludge from the two outside plants, East and North, is trucked to Main plant for processing. Main plant has the capacity to dewater sludge above and beyond the current needs of the three wastewater plants. Other towns within and outside Chittenden County have a need for processing sludge. In 1995, to help the other towns and help stabilize some of Burlington's costs, Main plant began dewatering sludge for Johnson, Shelburne, South Burlington, Winooski, and more recently, Essex. Main plant processed over 8 million gallons of sludge from these towns combined.

Recycling and Solid Waste: The City's recycling Department provides weekly curbside collections to 15,400 residences, carrying its commitment to an increased level of waste division. The City continues to monitor two City landfills that closed in 1989 and 1992.

Community Amenities

Burlington was one of five winners of the National Trust for Historic Preservation's Great American Main Street Awards; "Outside" Magazine named Burlington, the number one "Dream Town" of seven and "Readers Digest" magazine named Burlington the sixth best "Family-Friendly" place in the nation. UTNE Reader named Burlington number 4 of the "America's 10 Most Enlightened Towns" and Ladies Home Journal ranked Burlington number 10 of "Best Cities in U.S. for Women."

Burlington's location, economic climate and abundance of community resources have contributed to its award as the most livable city in America for cities of fewer than 100,000

people by the U.S. Conference of Mayors in 1989. Located between the highest section of the Green Mountains and the widest part of Lake Champlain, the city enjoys superb scenery and outstanding recreational opportunities.

Cultural activities, encouraged by the participation of business, educational institutions and government, abound. Several theaters for the performing arts, theater troupes, museums, fairs and festivals fill the City's cultural calendar.

On January 1, 1995, the Medical Center Hospital of Vermont and the Fanny Allen Hospital merged to form Fletcher Allen Health Care. The Vermont Regional Cancer Center and the Vermont-New Hampshire Regional Red Cross Blood Center are also located in Greater Burlington.

Economic Activity: The Greater Burlington area, which includes the City of Burlington and Chittenden County, is Vermont's major economic area. More than 80% of the County's non-farm employment lies within the three-community regions of Burlington, Essex and South Burlington. Manufacturing employment represents approximately 20% of the category. Non-manufacturing employment accounted for more than three-fourths of the 80,000 nonagricultural jobs in Chittenden County during 1992. Health care, finance and education are principal areas in non-manufacturing employment in the Greater Burlington area.

Overlapping Governmental Units



Governmental entities which overlap the City of Burlington but which are not under the authority of the City Council are Chittenden County, the Chittenden County Transportation Agency, the Chittenden Solid Waste District and the Winooski Valley Park District.

Chittenden County:

Chittenden County is primarily responsible for

the operation of the court system and the Sheriff's department for the County.

Chittenden County Transportation Agency (CCTA): The Chittenden County Transportation Agency operates the public transit system within the County. The CCTA is funded through rider fees, state and federal funding programs and contributions from underlying governmental units.

Chittenden Solid Waste District (CSWD): The Chittenden Solid Waste District is a union municipal district organized and established under Vermont law in 1987. The District's overall purpose is to manage solid waste generated by CSWD member municipalities and their residents. CSWD serves a population of 137,227 consisting of the Cities of Burlington, South Burlington, and Winooski and the Towns of Bolton, Charlotte, Colchester, Essex, Hinesburg, Huntington, Jericho, Milton, Richmond, St. George, Shelburne, Westford, Williston and the Village of Essex Junction. CSWD commenced operation of the Interim Phase III Landfill on December 22, 1992. This landfill reached capacity and was closed on August 19, 1995. CSWD has reserved funds for the estimated costs of all necessary closure and post-closure activities for such landfill. While CSWD continues to pursue permitting of additional landfill sites, municipal solid waste is transported to privately-owned waste disposal facilities.

A Public/Private Partnership, the Material Recovery Facility (MRF), located in Williston, opened in April 1993. The MRF is owned by CSWD and operated by a private business. This facility is capable of accepting commingled recyclable materials for sorting and baling before shipping to markets. Proceeds from the sale of recycled materials defray a portion of the operating costs of the facility.

CSWD owns and operates the hazardous waste depot in Burlington and The Rover. The Rover is a mobile household hazardous waste collection unit that travels around Chittenden County from April to October. CSWD's Unregulated Hazardous Waste Program has

been nationally recognized as one of the most cost effective programs that collects hazardous waste materials from households and businesses.

CSWD owns and operates seven Drop-off Centers located throughout Chittenden County. The Drop-off Centers are intended to be self-supporting and accept solid waste generated by households and small businesses from within Chittenden County.



CSWD processes a variety of special waste materials. The Wood and Yard Waste Depot accept organic materials. The Intervale Compost Project, a partnership between the non-profit Intervale Foundation and CSWD, diverts compostable materials from the landfill waste stream and redirects it to the composting facility located in the Intervale area of Burlington.

Winooski Valley Park District: The Winooski Valley Park District was formed in 1967 to conserve natural areas and provide recreation in the Winooski River Valley. Approximately one quarter of the District's land is located within the City of Burlington. The City will contribute \$81,000 to the District in the fiscal year 2003 budget.

Population: Population statistics for the City are shown in the following table. Current population is estimated to be 39,815 for the City as of the 2000 U.S. Census.

Community and Demographic Statistics

Incorporated – 1852

Form of Government – Mayor and City Council with Commissions

Area – 16.1 Square Miles

Demographics

Population ⁽¹⁾

2000 (2000 Official US Census)	39,815
1996 (estimate)	39,390
1994 (estimate)	38,306
1990 (Official US Census)	39,127
1980	37,712
1970	38,633
1960	35,531
1950	33,155
Chittenden County (1990)	136,733

Household Income ⁽¹⁾

	2000	%
Less than \$15,000	3,241	20.4
\$15,000 – \$24,999	2,665	16.8
\$25,000 – \$34,999	2,389	15.1
\$35,000 – \$49,999	2,706	17.1
\$50,000 – \$74,999	2,466	15.6
\$75,000 +	2,399	15.2

Median Household Income (2000) 33,070

Age Composition ⁽¹⁾

	1990	2000
Under 5 years	2,071	1,788
5-24 years	16,190	14,425
25-44 years	11,561	12,066
45-59 years	3,966	5,460
60+ years	5,339	5,150

Average Household Size ⁽¹⁾

2002	2.19		
1999	2.1	1970	3.0
1990	2.3	1960	3.2
1980	2.5		

Racial Composition ⁽¹⁾

	1990	2000
White	37,876	35,337
Hispanic	483	546
Asian or Pacific Islander	583	1,039
African-American	390	693
American Indian, Eskimo	123	182
Other/Multi-racial	—	1,092

Vital Statistics ⁽³⁾

Births	2,240
Deaths	988
Marriages	354
Civil Unions	96

Gender Composition ⁽¹⁾

	1990	2000
Male	18,231	16,970
Female	20,896	19,680

Voter Turnout ⁽³⁾

	Registered Voters	Votes Cast	%
2004 Annual City Meeting	24,854	8,647	35
2003 Special City Meeting	31,936	6,388	20
2003 Annual City Meeting	31,917	7,791	24
2002 Annual City Meeting	29,577	7,751	26
2001 Annual City Meeting	29,577	6,300	21
2000 General Election	30,110	18,186	60
2000 Annual City Meeting	26,317	9,723	37
1999 Annual City Meeting	30,980	10,090	32
1998 General Election	30,970	12,568	40
1998 Annual City Meeting	30,952	5,932	19
1997 Annual City Meeting	30,276	6,758	22
1996 General Election	30,818	17,878	58

Educational Attainment ⁽¹⁾

(for persons 25 years and older)

	#	%
Less than 9 th grade	1,119	4.9
No High School Diploma	1,664	7.4
High School Diploma	5,152	22.8
Some College	3,738	16.5
Associates Degree	1,443	6.4
Bachelors Degree	5,977	26.4
Graduate or Prof. Degree	3,536	15.6

Economics

Employment by Occupation ⁽¹⁾ Employed persons, 16 yrs or older

	#	%
Managerial, Prof. Services	8,372	39.2
Service Occupations	3,505	16.4
Tech, Sales, Admin Support	6,099	28.6
Farming, Forestry & Fishing	37	.02
Construction, extraction, & Maint	1,109	5.2
Production, Transp, & Material	2,213	10.4

Employment by Industry ⁽¹⁾ Employed persons, 16 yrs or older

	#	%
Agriculture, Mining, etc.	68	.3
Construction	850	4.0
Manufacturing	2,242	10.5
Wholesale	568	2.7
Retail	2,949	13.8
Transp, Warehousing & Utilities	614	2.9
Information	945	4.4
Finance, Insurance, Real Estate	1,086	5.1
Professional & Related Services	1,990	9.3
Educational Services/Health Svcs	5,798	27.2
Entertainment & Rec. Services	2,551	12.0
Other Personal & Business Svcs	997	4.7
Public Administration	677	3.2

Greater Burlington Labor Market ⁽¹⁾

	Labor Force	Unempl. Rate
2004 (Feb)	108,165	3.5
2003	108,447	3.0
2002	106,493	3.0
2001	108,550	2.2
2000	101,500	1.9
1999	108,800	2.2
1998	99,600	2.1
1997	97,500	2.7
1996	96,400	3.2
1995	94,600	3.6
1994	93,300	2.4
1993	91,700	4.2
1992	80,950	4.5

Grand List Parcel Land Use ⁽⁴⁾

	Acres	%
Tax Exempt	2,253	34.2
Residential	2,242	34.0
Public Road Right-of-Way	867	13.2
Commercial	550	8.4
Agricultural	212	3.2
Industrial	114	1.7
Utility	56	0.8
Unknown	294	4.5

Total Planning Area (acres)	6,588	100%
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<i>Grand List Property Value</i> % ⁽⁴⁾	%
Residential, Single family	66
Commercial	25
Commercial - Apartment	8
All Other Properties	1

Housing Units & Age ⁽¹⁾

	#	%
Total Housing Units	15,480	100.0
Total Units Occupied	13,244	85.5
Owner Occupied	4,486	29.0
Renter Occupied	8,758	56.6
Built in 1949 or earlier	8,478	54.8
Built in 1939 or earlier	7,071	45.7

Building Permits & Value ⁽⁹⁾

	Number	Value
Residential	408	31,695,976
Institutional	34	19,978,779
Commercial	199	11,377,190
Total	641	\$ 63,051,945

Service Statistics

Fire Protection ⁽¹⁵⁾

Fire Districts / Stations	5
Firefighters and Officers	79
Fire Calls (FY99)	5607
Average Response Time (min:sec)	2:50
Medical Emergency Calls	4,500
Average Response Time (min:sec)	3:50
Fire Safety Inspections	1,750
Fire Investigations	31/42

Public Works ⁽¹³⁾

Street Miles (Center Line)	105
Sidewalk Miles	200
Intersection Traffic Signals	71
Metered Parking Spaces	1,276
Parking Spaces in City Lots & Garages	1,350

Water & Wastewater ⁽¹³⁾

Billed Customers	9,800
Total Pumping Plant Capacity (MGD)	12.0
Avg. Water Production (MGD)	4.19
Miles of Water Mains	121
Sewage Treatment Facilities	3
Treatment Capacity (MGD)	
Main Plant	5.3
East Plant	1.2

Fiscal Year 2007 Budget

North Plant	2.0
Pump stations	34
Miles of Sanitary Sewers	135

Library ⁽¹⁴⁾

Public Libraries	1
Mobile Library Van	1
Registered Borrowers	14,141
Books	117,101
Audio & Video Tapes, Records, CDs	7,632
Annual Circulation (FY98)	332,614

Electric Service ⁽⁶⁾

Residential Customers	16,073
Commercial Customers	3,619

Police Protection ⁽⁷⁾

Main Station	1
Substations	2
Police Officers	104
Dispatchers	12
Civilian Employees	26

Airport ⁽⁵⁾

	<u>2002</u>	<u>2003</u>
Enplanements	525,000	550,000
Major Airlines (Jet Service)		3
Commuter Airlines		6

Parks & Recreation Areas ⁽⁸⁾

	<u>#</u>	<u>Acres</u>
City Parks	4	232
Neighborhood Parks	7	22
Playfields	3	74
Special Use Areas	5	38
Waterfront	2	13
Playground/Pocket Park	3	.5

District Parks

Managed & Owned by City	7	191
Managed by Winooski Valley	5	311

School System ⁽¹¹⁾

	<u>Schools</u>	<u>Students</u>	<u>Staff</u>
Elementary	6	1,620	309
Junior High	2	859	152
High School	1	1,103	191
Technical Center	1	310	21

Non-Municipal Educational Systems

	<u>Students</u>	<u>Staff</u>
University of Vermont	9,478	3,187

Champlain College	1,580	302
Burlington College	220	21

Retirement System ⁽¹⁷⁾

New Enrollees	53
New Retirees	20
Early Retirees, fully-vested, (non-drawing)	328

City Clerk Activities ⁽³⁾

Birth Certificates	2,248
Death Certificates	988
Marriage Certificates	354
Civil Unions	96
Copies of Birth Certificates	5,090
Dog Licenses	1,608
1 st Class Liquor & Cabaret Licenses	86
2 nd Class Liquor Licenses	43
Tobacco Licenses	58
Downtown Peddlers (except Church St.)	7
Property Transfers	1,237

Arts & Culture ⁽¹²⁾

	<u>Participants/year</u>
Discover Jazz Festival	+40,000
First Night Burlington	20,000
Battery Park Summer Concert series	2,500
Symphony Kids (partner with VSO)	4,000
Anne Frank Exhibit	9,000
Firehouse Gallery	24,200
Firehouse Programs	2,000
Headstart Arts (includes parents)	400
Print Studio	250-300
ArtBeat	20,000

Public Transit (CCTA) Ridership ⁽¹⁶⁾

	<u>2002</u>	<u>2003</u>
System wide	1,541,364	779,976
College Street Shuttle	168,306	170,986
North Avenue	249,495	243,621
PARC Shuttle	54,863	46,889
Old North End Loops	56,745	59,044
Neighborhood Specials	124,821	151,572
Lakeside	—	102,440
# of Buses	38	38

Climate

Average high temperatures:	Winter	28 ⁰ F
	Spring	52 ⁰ F
	Summer	80 ⁰ F
	Fall	56 ⁰ F

Sources

1. U.S. Census Bureau, Census 2000
2. 2001 Annual Financial Report, City of Burlington, Vermont
3. City of Burlington, Clerk-Treasurer's Office
4. City of Burlington, Assessor
5. Burlington International Airport
6. Burlington Electric Department
7. Burlington Police Department
8. Burlington Parks & Recreation Department
9. Burlington Planning and Zoning Department
10. City of Burlington, Retirement
11. Burlington Schools Department
12. Burlington City Arts
13. Burlington Department of Public Works
14. Fletcher Free Library
15. Burlington Fire Department
16. CCTA
17. Retirement

Chapter
5

Summaries of Budget Data

Chapter

6

Budget Reports at Subsidiary Code Level

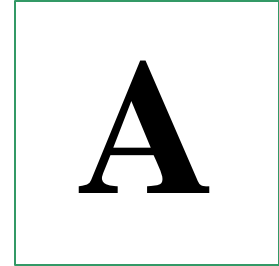
Chapter

7

Budget Reports at Object Code Level

Chapter
8

FY07 Personnel List



Appendix

ACRONYMS

ADA	Americans with Disabilities Act
BAN	Bond Anticipation Notes
BCA	Board of Civil Authority
BED	Burlington Electric Department
BOF	Board of Finance
CAFR	Comprehensive Annual Finance Report
CCRPO	Chittenden County Regional Planning Organization
CCTA	Chittenden County Transportation Authority
CCTVC	Champlain Cable Television
CDBG	Community Development Block Grant
CEDO	Community and Economic Development Office
CIP	Capital Improvement Plan
COPS:	Certificate of Participation
CUSI	Chittenden Unit for Sexual Crime Investigations
CVMHF	Champlain Valley Mutual Housing Foundation
DID	Downtown Improvement District
DPW	Department of Public Works
EC	Enterprise Community
GAO	General Accounting Office
GBIC	Greater Burlington Industrial Corporation
GFOA	Government Finance Officers Association
GFAAG	General Fixed Assets Account Group
GLTDAG	General Long Term Debt Account Group
GIS	Geographic Information Services
HOME	Home Investment Partnership
HUD	U.S. Department of Housing and Urban Development
HVAC	Heating Ventilating Air Conditioning
IRS	Internal Revenue Service
IS	Information Services
LLEBG	Local Law Enforcement Block Grant
MPO	Metropolitan Planning Organization
PILOT	Payment-in-lieu of Taxes
RAN	Revenue Anticipation Note
TAN	Tax Anticipation Note

Fiscal Year 2007 Budget

TIFF Tax Increment Finance District
VLCT Vermont League of Cities and Towns

B

Appendix

Glossary

Abatement: A complete or partial cancellation of a levy imposed by a government. Abatements usually apply to tax levies, special assessments and service charges.

Accounts Payable: A short-term liability account reflecting amounts owed to private persons or organization for goods and services received by a government.

Accountability: The state of being obliged to explain one's actions, to justify what one does. Accountability requires governments to answer to the citizenry—to justify the raising of public resources and the purposes for which they are used.

Account Groups: Accounting entities used to establish control over and accountability for the government's general fixed assets and the unmatured principal of its general long-term debt, including special assessment debt for which the government is obligated to some manner. Current authoritative literature provides for two such account groups: the general fixed assets account group (GFAAG) and the general long-term debt account group (GLTDAG). The long-term portions of claims, judgment, compensated absences and unfunded pension contributions not reported in proprietary or trust funds are also usually reported in the GLTDAG. Account groups are dissimilar to funds in that they are not used to account for sources, uses and balances of expendable available financial resources.

Accounting Period: See Fiscal Period.

Accounting System: The methods and records established to identify, assemble, analyze, classify, record and report a government's transactions and to maintain accountability for the related assets and liabilities.

Account Number: See Coding.

Accounts Payable: A short-term liability account reflecting amounts owed to private persons or organizations for goods and services received by a government.

Accounts Receivable: An asset account reflecting amounts due from private persons or organizations for goods and services furnished by a government (but not including amounts due from other funds or other government).

Accreted Value: A valuation basis for certain investments and debt instruments that report on the balance sheet only that portion of their face value that reflects principal and interest accrued to date.

Accrual Basis: The recording of the financial effects on a government of transactions and other events and circumstances that have cash consequences for the government in the periods in which those transactions, events and circumstances occur, rather than only in the periods in which cash is received or paid by the government.

Accrued Benefits: The amount of a pension plan participant's benefit (whether or not vested) as of a specified date, determined in accordance with the terms of the pension plan and based on compensation (if applicable) and service to that date.

Accrued Interest Payable: A liability account reflecting certain interest cost that has been incurred but is not due until a later date.

Accrued Salaries and Wages Payable. A liability account reflecting salaries and wages earned by employees but not due until a later date.

Accumulated Benefit Obligation: The actuarial present value of benefits (whether vested or nonvested) attributed by the pension benefit formula to employee service rendered before a specified date and based on employee service and compensation (if applicable) before that date. The accumulated benefit obligation differs from the projected benefit obligation in that it includes no assumption about future compensation levels.

Accumulated Depreciation: A contra-asset account used to report the accumulation of periodic credits to reflect the expiration of the estimated service life of fixed assets.

Accumulated Plan Benefits: Benefits attributable under the provisions of a pension plan to employees for services rendered to the benefit information date.

Activity: A specific and distinguishable service performed by one or more organizational components of a government to accomplish a function for which the government is responsible (e.g. police is an activity within the public safety function).

Actuarial Accrued Liability: That portion, as determined by a particular actuarial cost method, of the actuarial present value of pension plan benefits and expenses not provided for by future normal costs.

Actuarial Assumptions: Assumptions used in the actuarial valuation process as to the occurrence of future events affecting pension costs, such as mortality, withdrawal, disablement and retirement; changes in compensation and national pension benefits; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the actuarial value of assets; characteristics of future entrants for open group actuarial cost methods and other relevant items.

Actuarial Basis: A basis used in computing the amount of contributions to be made periodically to a fund or account so that the total contributions plus the compounded earnings thereon will equal the required payments to be made out of the fund or account. The factors considered in arriving at the amount of these contributions include the length of time over which each contribution is to be held and the rate of return compounded on such contribution over its life. A pension trust fund for a PERS is an example of a fund concerned with actuarial basis data.

Act 60: State of Vermont Education Reform Act of 1997.

Activity: A significant organizational component of an agency's responsibilities, usually administered by a division head.

Ad Valorem Tax: A tax based on value (e.g. a property tax).

Annexation: The incorporation of land into an existing city with a resulting change in the boundaries of that city.

Appropriation: A legal authorization granted by the City Council to make expenditures and to incur obligations for specific purposes. An appropriation usually is limited in amount and time it may be expended.

Assessed value: A valuation set upon real estate or other property by the Township Property Appraiser as a basis for levying taxes.

Assets: Property owned by government.

Audit: A systematic collection of sufficient, competent evidential matter needed to attest to the fairness of the presentation of the city's financial statements. The audit tests the city's accounting system to determine whether the internal accounting controls are both available and being used.

Available Fund Balance: That portion of fund balance collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Balance Sheet: That portion of the city's financial statement that discloses the assets, liabilities, reserves and balances of a specific governmental fund as of a specific date.

Basis of Accounting: A term used when revenues, expenditures, expenses, transfers, assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the nature of the measurement, on the cash, modified accrual or the accrual method.

Benchmarking: Comparing one's own performance to that of their past performance or to that of comparable communities.

Beneficiary Revenues: Revenues derived from the users, or beneficiaries, of the City service.

Fiscal Year 2007 Budget

Bond: The City has to borrow from time to time to finance capital projects or acquisition of equipment. The principal and interest payments of this borrowing are accounted for through the annual Debt Service Fund. These projects receive either direct voter approval or are purchased through the annual Small Capital and Working Capital borrowing as provided under the City Charter.

Bond Refinancing: The payoff and re-issuance of bonds, to obtain better interest rates and or bond conditions.

Bottom Line: This is a common expression, most often used in private industry that refers to the profitability of a particular organization or entity.

Budget: A plan of financial operation stated in both words and numbers that directs the annual provision of city services and facilities.

Budgetary Control: The control or management of a governmental unit or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of authorized appropriations and available revenues.

Budget Revision: A change to the adopted budget as authorized the city council.

Capital Budget: A plan of proposed capital outlays and the means of financing them in the current period. It is the first year of the CIP.

Capital Equipment: Equipment with a value in excess of \$500 and an expected life of more than two years such as automobiles, typewriters and furniture.

Capital Improvements: Charges for the acquisition at the delivered price including transportation costs, of equipment, land, buildings, or improvements of land or buildings, fixtures, and other permanent improvements with a value in excess of \$1,000 and a useful life expectancy of at least two years.

Capital Improvement Plan (CIP): A plan for capital expenditures to be incurred each year over six years to meet capital needs arising from the long-term work program or other needs. It sets forth each project or other contemplated expenditure in which the government is to have a part and specifies the resources estimated to be available to finance the projected expenditures.

Capital Improvements Projects: An undertaking that has a specific objective, can be easily distinguishable from other work being performed, has a definite beginning and end, does not occur annually, and has a total cost in excess of \$100,000.

Capital Outlay: Expenditures which result in the acquisition of or addition to fixed assets. These consist of building and equipment with an expected useful life of one year or more.

Capital Project: A long-term major improvement or acquisition of equipment or property for public use, as included in the Capital Improvement Program.

Capital Projects Fund: Used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary or Trust Funds).

Cash Management: The management of cash necessary to pay for government services while investing temporary cash excesses in order to earn interest revenue. Cash management refers to the activities of forecasting the inflows and outflows of cash, mobilizing cash to improve its availability for investment, establishing and maintaining banking relationships, and investing funds in order to achieve the balance of the highest interest and return, liquidity and minimal risk with these temporary cash balances.

Charges for Services: User charges for services provided by the city to those specifically benefiting from those services.

Charter: A formal legal document of the City which specifies its rights and purposes and describes the administration organization of the City's government.

Commodities: Items which, after use, are consumed or show material change in, or an appreciable impairment, of their physical condition, and which generally have limited value and characterized by rapid depreciation.

Comprehensive Plan: An official public document adopted by a local government as a policy guide to decisions about the physical development of the community. It is a general long-range physical plan.

Constituent: One represented politically or in business; a voter; client.

Contingency: The appropriation of reserve funds for future allocation in the event specific budget allotments have expired and additional funds are needed.

Cost Allocation: An annual plan that accounts for direct and indirect costs incurred by the General Fund on behalf of other funds. Through the cost allocation plan, we charge these other funds for the costs incurred.

Covenant: An agreement entered into by two or more parties. A covenant is entered into when a local government issues a bond. The terms of the bond issue must be clearly stated in the covenant.

Debt: A financial obligation resulting from the borrowing of money. Debts of government include bonds, notes, and land contracts.

Debt Ratio: Ratios that provide a measure of assessing debt load and ability to repay debt, which play a part in the determination of credit ratings. They are used to evaluate the city's debt position over time and against its own standards and policies.

Debt Service: The payment of principal and interest on borrowed funds.

Fiscal Year 2007 Budget

Debt Service Fund: Resources for the payment of long-term debt.

Deficit: The excess of expenditures or expenses over revenues or income during a single accounting period.

Department: A principal service agency of the City government such as Department of Public Works.

Depreciation: The decrease in value of physical assets due to use and the passage of time.

Discretionary Income: Income that is not specifically allocated for an expense and or income that allows for a certain level of “freedom” on how that money may be spent.

Division: One of the principal organizational units of a Department such as the Water Division of the Department of Public Works.

Elasticity: Increasing or diminishing readily in response to a changing stimulus. Sales taxes are very elastic because the amount of taxes collected increases with sales and decreases when sales are low. The stimulus is the economy, which has direct effect on the purchasing power of citizens, which translates into sales tax revenues.

Encumbrance: The legal commitment of appropriated funds to purchase an item or service. To encumber funds means to set aside or commit funds for a future expenditure.

Enterprise Fund: A fund established to account for operations that are financed and operated in a self-supporting manner through user charges. Water, Wastewater and Airport are Enterprise Funds.

Expenditure: The spending of money by the City for the programs and projects included in the approved budget.

Expenditure Category: Various expenditure categories used to support the activities.

Equalized Assessed Value: The value of property resulting from the multiplication of the assessed value by an equalization factor to make all property in Illinois equal one-third of its market value.

Equalization Factor: A factor determined by the State which when applied to the counties' assessed value will cause all property to equal one-third of its market value.

Expenditures: Decreases in net financial resources. Expenditures include current operating expenses requiring the present or future use of net current assets, debt service and capital outlays, and intergovernmental transfers.

Expenses: Charges incurred, whether paid or unpaid, resulting from the delivery of goods or services.

Fiduciary Funds: Funds that are used when a government holds or manages financial resources in agent or fiduciary capacity.

Fiscal Period: Any period at the end of which a government determines its financial position and the results of its operations.

Fiscal Policies: The City's policies with respect to revenues, spending, and debt management as these relate to government services, programs and capital investment. Fiscal policy provides an agreed upon set of principles for the planning and programming of government budgets and their funding.

Fiscal Year (FY): Any consecutive twelve-month period designated as the budget year. The Fiscal Year of the City's business year is July 1 through June 30.

Fiscal Year 2001: The Fiscal Year beginning July 1, 2000 and ending at the close of business on June 30, 2001.

Fixed Assets: Assets of a long-term character which are intended to continue to be held or used. Examples of fixed assets include items such as land, buildings, machinery, furniture, and other equipment.

Franchise Fee: A fee paid by public service businesses for use of City streets, alleys and property in providing their services to the citizens of a community. Services requiring franchises include telephone, natural gas and cable television.

Full Time Equivalent (FTE): A standardized unit of measure used to determine the equivalent number of full-time employees. It is calculated by dividing the total hours actually worked or planned for a job class (regular and overtime) by a standard number of hours a full-time employee would work for the job class.

Functions: A grouping of City departments into major related categories such as community, safety or general government.

Fund: A fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, are related liabilities and residual equities, or balances (and changes therein) are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions or limitations.

Fund Balance: As used in this budget represents the undesignated fund balance or excess of current assets over liabilities available for use along with current revenues to fund the various operating budgets.

Fund Financial Statements: Basic financial statements presented on the basis of funds. Term used in contrast with *government-wide financial statements*.

Fund Type: One of 11 classifications into which all individual funds can be categorized. Governmental fund types include the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds. Proprietary fund types include enterprise funds and internal service funds. Fiduciary fund types include pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

Funded Mandate: Also known as a government-mandated non-exchange transaction. A situation where a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (for example, federal programs that state or local governments are mandated to perform). [SGAS 33]

Funded Ratio: The actuarial value of assets expressed as a percentage of the actuarial accrued liability. [SGAS 25]

GAAP Accounting: GAAP is an acronym for Generally Accepted Accounting Principles. GAAP standards are established by the Governmental Accounting Standards Board and are similar to standards set for accounting in the private sector. The City complies with this standard.

General Fund: The General Fund for the City of Burlington is the fund for revenues and expenditures to support general municipal services.

General Accounting Office (GAO): The investigative arm of the U.S. Congress charged with improving the performance and accountability of the federal government. In the context of accounting, auditing, and financial reporting for state and local governments, the GAO is best known for issuing *Government Auditing Standards*, which are the source of GAGAS.

General Fund: The general operating fund of the city. It is used to account for all financial resources except those required to be accounted for in another fund.

General Obligation Bonds: Those bonds that are backed by the “full faith and credit” of a municipality. The taxing power of local government is pledged in the covenant of one of these bond issues.

General Revenues: All revenues that are *not* required to be reported as program revenues. All taxes, even those that are levied for a specific purpose, are general revenues and should be reported by type of tax—for example, sales tax, property tax, franchise tax, income tax. All other non-tax revenues (including interest, grants, and contributions) that do not meet the criteria to be reported as program revenues should also be reported as general revenues. [SGAS 34]

Generally Accepted Accounting Principles (GAAP): The conventions, rules, and procedures

Goal: A long-range desirable development attained by objectives designed to implement a strategy.

Government Accounting Standards Board (GASB) The mission of the Governmental Accounting Standards Board is to establish and improve standards of state and local governmental accounting and financial reporting that will result

in useful information for users of financial reports and guide and educate the public, including issuers, auditors, and users of those financial reports.

Governmental Accounting Standards Board Statement 34 (GASB 34): Issued in June 1999, represents a significant change to traditional government financial reporting standards. For the first time, accrual accounting is required for all government activities and all capital assets are generally required to be depreciated. Additional supplementary information, such as the Management's Discussion and Analysis (MD&A), is now required.

Governmental Fund Types: Funds that account for a government's "governmental-type" activities. These funds are the general fund, special revenue funds, debt service funds and capital project funds.

Grand List: The City's total value of personal and real property as tabulated for purposes of setting an annual tax rate.

Grant: Contribution or gifts of cash or other assets from another government to be used for a specified purpose, activity, or facility. Grants may be classified as either categorical or block, depending on the amount of discretion allowed the grantee.

Impact Fees: Fees charged to developers to cover, in whole or in part, the anticipated cost of improvements that will be necessary as a result of the development (e.g., parks, sidewalks).

Improvements: The necessary changes to a parcel(s) of land that are required for its future development. These often include modifications of the roadways, water and sewer mains, and the parcels capacity for electricity.

Income: A term used in proprietary fund type account to represent (1) revenues or (2) the excess of revenues over expenses.

Infrastructure: The permanent foundation or essential elements of a municipality. Roadways are a component of a local government's infrastructure.

Installment Contract: A financing method whereby the city contracts with a vendor to pay for equipment, an improvement, or construction over a period of time not to exceed ten years. The contractor makes an assignment of the rights to payment to a financial institution in return for payment of the original contracted price.

Interfund Transfer: Payment from one fund to another fund primarily for work or services provided.

Intergovernmental Revenues: Revenues from other governments in the form of grants, entitlement, shared revenues, or payments in lieu of taxes.

Internal Service Fund: Funds used to account for the financing of goods or services provided by one department to another on a cost reimbursement basis.

Investment: The placing of money, capital, or other resources to gain a profit, as in interest.

Levy: (Verb) To impose taxes, special assessments, or service charges for the support of governmental activities. (Noun) The total amount of taxes, special assessments or service charges imposed by the city.

Liability: Debt or other legal obligations arising out of transactions in the past, which must be liquidated, renewed or refunded at some future date.

Line Item: A specific item or group of similar items defined by detail in a unique account in the financial records. Revenue and expenditure justifications are reviewed, anticipated and appropriated at this level.

Liquidity: The amount of cash and easily sold securities a local government has at one time.

Millage: The tax rate on real property based on \$1.00 per \$1,000 of assessed property value.

Modified Accrual Basis: The accrual basis of accounting adapted to the governmental fund-type measurement focus. Under it, revenues and other financial resource increments (e.g. bond issue proceeds) are recognized when they become susceptible to accrual that is when they become both “measurable” and “available to finance expenditures of the current period.” “Available” means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized when the fund liability is incurred except for (1) inventories of materials and supplies that may be considered expenditures either when purchased or when used, and (2) prepaid insurance and similar items that may be considered expenditures either when paid for or when consumed. All governmental funds, expendable trust funds and agency funds are accounted for using the modified accrual basis of accounting.

Municipal: In its broadest sense, an adjective denoting the state and all subordinate units of government. In a more restricted sense, an adjective denoting a city or village as opposed to other local governments.

Municipal Corporation: A political and corporate body established pursuant to state statutes to provide government services and regulations for its inhabitants. A municipal corporation has defined boundaries and a population and usually is organized with the consent of its residents. It usually has a seal and may sue and be sued (e.g. cities and villages).

Net Income: Proprietary fund excess of operating revenues, non-operating revenues, and operating transfers-in over operating expenses, non-operating expenses, and operating transfers-out.

Non-operating Expenditures: The costs of government services which are not directly attributable to a specific city program or operation. Examples include debt service obligations and contributions to Human Service organizations.

Non-operating Revenues: The incomes received by the government, which are not directly attributable to providing a service. An example would be interest on investments.

Objective: Something to be accomplished in specific, well-defined, and measurable terms and is achievable within a specific time frame.

Object Code: Records expenditures and revenues by discreet, specific types of expenditures and revenues.

Operating Budget: A financial plan that presents proposed expenditures for the fiscal year and estimates of revenue to finance them.

Operating Expenditures: Money spent on items needed in day-to-day city government operations, such as travel, contractual services, utilities or lease; does not include expenditures for employee salaries (compensation) or capital outlays.

Overhead: The concept of overhead budgeting is used primarily in General Services. It is employed as a device to spread administrative costs to operating and capital accounts to get a more accurate picture of true costs. Overhead can include both management and clerical salaries, as well as benefits, sick and annual leave, and insurances of all the employees who work directly on a particular service or project.

Part I Offenses: According to the Uniform Crime Report of the Federal Bureau of Investigation, these offenses include murder, manslaughter, rape, robbery, assault, and property crimes of burglary, larceny-theft, motor vehicle theft, and arson.

Part II Offenses: These are all criminal offenses that are not categorized as a Part I offense.

Performance Budget: A budget that focuses on activities rather than line items. Work load and unit cost data are collected in order to assess the efficiency of services.

Performance Indicators: Specific quantitative and qualitative measures of work performed as an objective of the department.

Privatization: The transfer of services from the public sector to the private sector in an attempt to save tax dollars. This has been done to varying degrees and levels of success across the country.

Private Sector: Business owned and operated by private individuals, as opposed to government-owned operations.

Program: A logical organization of departmental activities which share common objectives and can be evaluated by similar performance measures.

Program Budget: A budget that structures budget choices and information in terms of “programs and their related” work activities, (i.e., repairing roads, treating water, etc.) . A program budget provides information on what each program is committed to accomplish in the long run (goals) and in the short run (objectives), and measures the degree of achievement of program objectives (performance measures).

Property Tax: A tax levied on the assessed value of real property (also known as “ad valorem taxes”).

Proprietary Fund Types: The classification used to account of r a city’s ongoing organizations and activities that are similar to those often found in the private sector (i.e., enterprise and internal service funds). All assets, liabilities, equities, revenues, expenses and transfers relating to the government’s business and quasi-business activities are accounted for through proprietary funds. The Generally Accepted Accounting Principals used are generally those applicable to similar businesses in the private sector and the measurement focus is on determination of net income, financial position and changes in financial position. However, where the Governmental Accounting Standards Board has issued pronouncements applicable to those entities and activities, they should be guided by these pronouncements.

Public Sector: The policies and procedures as conducted by local governments, states and the federal government. The majority of these activities are financed through tax levies.

Referendum: The submission of a proposed public measure or law, which has been passed upon by legislature or convention, to a vote of the people for ratification or rejection. Bond issues often must go to referendum for approval.

Revenue Bonds: Bonds whose principal and interest are payable exclusively from earnings of an Enterprise Funds.

Reserved Fund Balance: Those portions of fund balance that are not appropriable for expenditure or that are legally segregated for a specific future use.

Revenue: Income received by the city government from sources such as property taxes, user charges, grants and fines which are used to support the government's facilities or services to the community.

Retained Earnings: An equity account reflecting the accumulated earnings of the city’s proprietary funds.

Revenues: Funds that the government receives as income. It includes such items as tax receipts, fees from specific services, receipts from other governments, fines, forfeitures, grants, shared revenues and interest income.

SCADA: Supervisory Control and Data Acquisition. Computer controlled system operation and information in regards to the city’s electrical and water system.

Self-Insurance: A term often used to describe the retention by an entity of a risk of loss arising out of the ownership of property or from some other cause, instead of transferring that risk to an independent third party through the purchase of an insurance policy. It is sometimes accompanied by the setting aside of assets to fund any related losses. Because no insurance is involved, the term self-insurance is a misnomer.

Special Assessment Fund: A fund for financing public improvement for services that primarily benefit specific properties. The Church Street Marketplace is a Special Assessment District in which Church Street properties pay an annual assessment to support Marketplace activities. According to GAAP, this is now listed as a special revenue fund.

Special Revenue Fund: Specific revenues legally restricted to expenditures for specified purposes. CEDO is a special revenue activity funded with grant funds that carry specific legal restrictions. DPW-Traffic Division is funded with traffic revenues.

Subprogram: Departmental programs or subprograms within general program area:

Subsidiary Code: Approved and adopted budgetary limits: Personnel Costs, Salaries and Wages, Personnel Benefits, Contractual Services, Insurance Contract Services/Professional Contract Services/Other, Operating Costs, Training, Education and Travel, Printing & Advertising, Utilities, Data Processing, Office Supplies/Equipment, Materials & Equipment, Transfers/Debt/Other, Interdepartmental Charges, Other Charges & Capital, Debt Service, Operating Transfers Out, Public Services and Development

Tax Levy: The total amount to be raised by general property taxes for operating and debt service purposes.

Tax Rate: The City's tax rate is used to determine based upon value of property the individual tax bills. It is a factor of the total tax dollar requirements to support City (and School) services divided by the Grand List property value base.

Tax Increment Finance District (TIF): A special district established to revitalize a degenerating parcel of land/building funded through incremental property taxes.

Transfers In/Out: Transfers between City funds, not technically considered revenues or expenses to either fund. In the General Fund, revenue transfers-in recognize costs of providing administrative services by the General fund to Special Revenue and Enterprise Funds. General Services also charges administrative services to the Special Revenue and Enterprise Funds under its management control.

Trust and Agency Fund: The Fund to account for assets held by the City in a trust or fiduciary capacity. Retirement and Housing Trust Funds are of this type.

Undesignated Fund Balance: That portion of fund equity not reserved for a specific purpose. A portion would be available for offsetting future year's expenditures. The City Council Fiscal Goals Committee has set target undesignated fund balance figures to retain for each operating fund to help ensure fiscal health.

User Charges: When citizens who use a service are required to pay directly for that service, such as with park entrance fees.

Fiscal Year 2007 Budget

Working Capital: This term generally refers to current assets minus current liabilities. Some organizations may exclude certain current assets (e.g. inventory) from this general formula.

Yield: The yield on a fixed-income security is its current rate until maturity, based on its face value, its current market price and any interest coupons.

Appendix

Appropriations & Resolutions

